



**Action Construction Equipment Ltd.**



building a better tomorrow

19<sup>th</sup> ANNUAL REPORT 2012-13



**Mobile Cranes (3 - 50 Tons)**



**Stiff Boom Cranes**



**Tractors**



**Crawler Cranes**



**Mobile Tower Cranes**



**Forklifts**



**Vibratory Rollers**



**Backhoe Loader**



**Wheeled Loaders**



**Tower Cranes**

**Motor Grader**



**PTR**



*Nothing beats an **ACE***





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## CHAIRMAN SPEECH



Dear Stakeholders,

Last financial year was an extremely challenging year for the Company because of tough external factors like slow down in the Country's and global's economic growth, political uncertainties, policy inertia etc. Slowdown in the Indian economy which was primarily attributable to weakness in industry (comprising the mining and quarrying, manufacturing, electricity, gas and water supply, and construction sectors), which registered a growth rate of only 3.5 per cent and 3.1 per cent in 2011-12 and 2012-13 respectively. The rate of growth of the manufacturing sector was even lower at 2.7 per cent and 1.9 per cent for these two years respectively. The rate of gross domestic product (GDP) growth in full FY 2012-13 was at a decade low of 5 per cent. Growth in agriculture has also been weak in 2012-13, following lower-than-normal rainfall, especially in the initial phases (months of June and July) of the south-west monsoon. ACE battled successfully against these tough market conditions.

Financial year 2012-13 continued to be a difficult one for the construction Industry. Lack of policy initiatives in the infrastructure projects have impacted all and your company as well. Infrastructure plays a key role in stimulating the economic growth. The growth of equipment manufacturing industry is interlinked with the growth of Infrastructure, and indirectly with the

growth of Indian Economy. Consequently demand for all products decreased due to delay in overall government spending on highway construction, standstill of various Power Projects, maintenance and other infrastructure projects. Adverse foreign exchange fluctuations continued to impact the business process. Global economic slowdown and reduced domestic demand continues to be concern areas during the year. However this can't continue for long and the government is taking cognizance of this and we are sure that the construction equipment industry will revive soon and we will again grow at a healthy pace, as done in the past.

Notwithstanding this difficult environment, your Company continues to invest in R&D, commit to its human resource training programs and do significant CSR activities. We continue to introduce new application based, high-end machines, which not only suit the local applications but which are comparable with any latest international machine in terms of designs, engineering, productivity and safety. Our R&D team continues to focus on innovative products which will cater to the customers present and future needs.

In spite of the economic slowdown all over the world, your Company has performed reasonably well during the financial year of 2012-13. The Company held it's fort by fighting the situation with courage and conviction. We took this opportunity to increase our customer base & did product improvements to provide our customers quality equipment at a most competitive price. We have made plans to leverage opportunities, realizing our growth potential.

We are confident of the basics which we have put in while making the Company i.e. to satisfy our customers by providing them quality equipment at a most competitive price whatever be the situations and conditions are. We believe that we have key strengths which have ensured us to stay healthy even in tough times.

Company concentrated on cutting cost wherever possible, to remain profitable. Several cost cutting measures have been taken during the year including areas like value engineering, materials, manpower and interest. These savings are likely to be seen during FY 2013-14.

Due to our innovative sales and marketing techniques, the new products of Company have successfully penetrated into the market.

In the Agri segment; Company is looking at significant product expansions and focusing on improving its market share. Recently the government allowed FDI in retail, which can pave the way for investment in new technology and Agriculture Equipment. Timely availability of agricultural credit at reasonable rate, especially for small and marginal farmers is crucial for agricultural-sector growth and we are, accordingly, focusing on providing customers a complete range of crop solutions. As I said in my last speech, your Company has started production of Combine Harvester, Rotavator, Bailer and Rice Trans planter.

The outlook for FY 2013-14 seems similar as FY 2012-13, keeping in view of the various uncertainties, macro and micro domestic and global economic factors; the overall economy is expected to grow in the range of 5.0 to 6.0 per cent in FY 2013-14. Of course, these projections assume a normal monsoon, further moderation in inflation as expected to induce further relaxation of the tight monetary stance and mild recovery of global growth as anticipated. For FY 2013-14 Priority of the government will be to speed implementation of stalled projects. According to the ministry's estimate, Rs. 7 lakh crores of projects are stalled at various stages due to reasons such as political reluctance, environment clearances, and land acquisition issues. This can be an opportunity to the Company and Company will encash these opportunities.

The Company's brand has emerged as brand for reliability and has been able to win the customer loyalty in all these years. The Company desires to continue its successful stint in the industry, through providing complete customer satisfaction by way of reasonable pricing and good product quality. Although this time seem to be tough times, but the times are meant to be changed. With this I am particularly sure of continuing the wonderful and successful journey of the Company of both organic and inorganic growth.

**Vijay Agarwal**  
Chairman & Managing Director



## NOTICE

NOTICE is hereby given that the **Nineteenth Annual General Meeting** of the Members of **Action Construction Equipment Limited** will be held as under to transact the following businesses:-

**Day, Date** : Saturday, 24th August, 2013  
**Time** : 11:00 A.M  
**Venue** : MPCU SHAH AUDITORIUM, Shree Delhi  
Gujrati Samaj Marg, Delhi-110054.

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2013, the statement of Profit & Loss Account for the year ended 31st March, 2013, Board's Report and addendum thereto and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Keshav Chandra Agrawal, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Subhash Chander Verma, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To declare dividend on Equity Share Capital for the financial year ended on 31st March, 2013. The Board in its Meeting held on 25th May, 2013 has recommended dividend of (10%) 0.20/- Paisa per Equity share on the paid up Equity share capital of the Company for the year ended 31st March, 2013
5. To appoint Auditor and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** M/s. Rajan Chhabra & Co., Chartered Accountants, (FRN No. : 009520N ), be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

## NOTES

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT TO BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE VALID MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.**
- 2) Members/Proxy should bring the Attendance Slip duly filled in, for attending the meeting.
- 3) The Equity Shares of the Company are listed on the National Stock Exchange of India Limited (NSE) & Bombay Stock Exchange Limited (BSE).
- 4) The register of members and share transfer books of the company will remain closed from Monday, 19th August, 2013 to, Friday 23rd August, 2013 (both days inclusive), for the purpose of determining the eligibility of the members/ beneficial owners of the Company for the payment of Dividend @ 10% (0.20/- paisa) per equity share, for the year ended 31st March, 2013, if approved by the shareholders.
- 5) **Pursuant to SEBI Circular No.CIR/MRD/DP/10/2013 dated 21.03.2013, it is mandatory for the investors to have their bank account details incorporated on the instrument payable to shareholders. Shareholders are requested to provide the relevant bank details to their DPs or to the Company's Registrar and Transfer Agent, Karvy Computershare Pvt. Ltd, "Karvy House", 46 Avenues 4, Street-1, Banjara Hills, Hyderabad-500 034 on or before August 10, 2013.**
- 6) For effecting change of Address/Bank details/Electronic Clearing Service (ECS) Mandate, if any, Members are requested to notify the same to the following:-
  - a. if shares are held in **physical mode**, to the Company and/or Registrar and Share Transfer Agent (R&T Agent) of the Company, i.e. M/s. Karvy Computershare Private Limited, 'Karvy House', 46 Avenue 4, Street No. 1, Banjara Hills, Hyderabad – 500 034. Members must quote their Folio No. in all correspondence with the Company/R&T Agent.
  - b. If shares are held in **electronic form**, to their Depository Participant (DP). The Company/R&T Agent will not entertain requests for noting change of Address/Bank details/ECS Mandate, if any.
- 7) Members are further informed that as a part of Green initiative taken by Ministry of Corporate Affairs, the Company is sending this Annual Report and would send

all the future Notices and Communications to the e-mail addresses of the shareholders, whose e-mail are registered with the Company or either with the Depository. However, the Shareholders of whose e-mail ids are not registered with the Company or either with the depository would continue to receive the same in physical form. Any shareholder desirous of receiving physical copy of any document can apply for the same to the Company. The Share holders whose e-mail Id's are not registered with the Company, are requested to register the same so that they would be able to receive the information in quick time and also it would be useful to the environment.

- 8) Members holding shares in physical form may avail Nomination facility by giving the particulars of their nomination in the prescribed form to the Registrar and Share Transfer Agent.
- 9) Members seeking any information on the accounts are requested to write to the Company at least ten days in advance so as to enable the management to keep the information ready, in reply to the same at the Annual General Meeting.
- 10) Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. up to the date of the Meeting.
- 11) Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividends for the financial year 2005-06 to the Investor Education and Protection Fund (the IEPF) established by the Central Government. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 28th, 2012 (date of last Annual General Meeting) on the website of the Company ([www.ace-cranes.com](http://www.ace-cranes.com)), and also on the Ministry of Corporate Affairs website.
- 12) Members who have not yet encashed their dividend warrants for the year 2006-07 onwards are advised to forward such warrants to the Karvy Computershare Pvt Ltd (RTA) or the Company for revalidation. Pursuant to the provisions of the Section 205-C of the Companies Act, 1956 dividend which remains unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund of the Central Government.
- 13) Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Karvy, for consolidation into a single folio.
- 14) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Karvy.
- 15) Disclosure pursuant to Clause 49 of the Listing Agreement with respect to the Directors seeking reappointment at the forthcoming Annual General Meeting is given in the Notice.
- 16) Members are requested to:-
  - a. Bring their copy of Annual Report and attendance slip at the venue of the meeting.
  - b. Quote their Folio/DP & Client Id No. in all correspondence with the Company/ R&T Agent.
  - c. Note that briefcase, bag, eatables etc. will not be allowed to be taken inside the venue of the meeting for security purposes and shareholders will be required to take care of their belongings.
  - d. Note that shareholders present in person or through registered proxy shall only be entertained.
  - e. The attendance slips/proxy form should be signed as per the specimens signatures registered with the R&T Agent/Depository Participant (DP). Please carry photo ID card for identification/verification purposes.
- 17) **Pursuant to the prohibition imposed vide Secretarial Standard on General Meetings (SS-2) issued by the ICSI and the draft MCA circular, no gifts/coupons shall be distributed at the Meeting.**

**By Order of the Board  
For Action Construction Equipment Limited**

Sd/  
**Rajan Luthra**  
Company Secretary

Place: Faridabad  
Date: 25th May, 2013

**DETAILS OF DIRECTORS SEEKING APPOINTMENT/ REAPPOINTMENT AT THE FORTHCOMING  
ANNUAL GENERAL MEETING  
(IN PURSUANCE TO CLAUSE 49 OF THE LISTING AGREEMENT)**

<b>Name of Director</b>	<b>Shri Keshav Chandra Agrawal</b>	<b>Shri Subhash Chander Verma</b>
<b>DIN</b>	00098143	00098019
<b>Date of Birth</b>	15th July, 1941	13th April, 1945
<b>Date of appointment/ Reappointment</b>	6th September, 2010	21st September, 2011
<b>Qualification</b>	Ph.D in Mechanical Engineering from Indian Institute of Technology, Delhi	Graduate and qualified CAIIB (Associate of Indian Institute of Bankers)
<b>List of Outside Directorship</b>	Nil	Nil
<b>Number of Shares held in the Company</b>	9171	25000



## Management Discussion and Analysis

### ❖ INDUSTRY STRUCTURE AND DEVELOPMENTS

Subsequent the slowdown induced by the global financial crisis in 2008-09, the Indian economy responded strongly to fiscal and monetary stimulus and achieved a growth rate of 8.6 per cent and 9.3 per cent respectively in 2009-10 and 2010-11. However, with the economy exhibiting inflationary tendencies, the Reserve Bank of India (RBI) started raising interest rates in March 2010. High rates as well as policy constraints adversely impacted investment, and in the subsequent two years viz. 2011-12 and 2012-13, the growth rate slowed to 6.2 per cent and 5.0 per cent respectively.

The moderation in growth is primarily attributable to weakness in industry (comprising the mining and quarrying, manufacturing, electricity, gas and water supply, and construction sectors), which registered a growth rate of only 3.5 per cent and 3.1 per cent in 2011-12 and 2012-13 respectively. The rate of growth of the manufacturing sector was even lower at 2.7 per cent and 1.9 per cent for these two years respectively. Growth in agriculture has also been weak in 2012-13, following lower-than-normal rainfall, especially in the initial phases (months of June and July) of the south-west monsoon.

The economy slowed down so rapidly despite recovering strongly from the global financial crisis. A number of factors are responsible. First, the boost to demand given by monetary and fiscal stimulus following the crisis was large. Final consumption grew at an average of over 8 per cent annually between 2009-10 and 2011-12. The result was strong inflation and a powerful monetary response that also slowed consumption demand. Second, starting in 2011-12, corporate and infrastructure investment started slowing both as a result of investment bottlenecks as well as the tighter monetary policy. Thirdly, even as the economy slowed, it was hit by two additional shocks: a slowing global economy, weighed down by the crisis in the Euro area and uncertainties about fiscal policy in the United States, and a weak monsoon, at least in its initial phase.





The growth of equipment manufacturing industry is interlinked with the growth of Infrastructure and indirectly with the growth of Indian Economy. This industry calls for great expertise, in terms of technology, design and providing customer satisfaction. Its market is large; however the only survivors would be the Companies, who would be able to provide good quality products at most competitive price. The Company's brand has emerged as brand for reliability and has been able to win the customer loyalty in all these years. The Company desires to continue its successful stint in the industry, through providing complete customer satisfaction by way of reasonable pricing and good product quality.

#### ❖ OPPORTUNITIES AND THREATS

Your Company maintained its market leadership position and is well positioned to achieve growth through better service levels and management of costs, though there is pressure on the margins on account of depreciation of Rs., increase in cost of raw materials and overheads. The Company is focusing on reducing cost to increase its margin. Lower interest rates could provide an additional fillip to the Company. Growth in exports can be an important source of demand. The government has already taken some important steps in this direction. The Company is also focusing on improving market share in the exports.

In the Agri segment; company is looking at significant product expansions and improving its market share. We are, consequently, focusing on providing customers a complete range of crop solutions. To implement this Company has also started production of Combine Harvester, Rotavetor, Bailer and Rice Transplanter. Recently the government allowed FDI

in retail, which can pave the way for investment in new technology and Agriculture Equipment. Timely availability of agricultural credit at reasonable rate, especially for small and marginal farmers is crucial for agricultural-sector growth however the global economic slowdown and reduced domestic demand continues to be concern areas during the year. With pricing pressures across all product ranges and an increasingly challenging product mix, margins remained under pressure throughout 2012-13. Adverse foreign exchange fluctuations will continue to impact the business process. In addition to this, the economic slow-down with particular reference to further deferment of investments by the Government of India in the infrastructure sector and increase in steel prices will also impact the business.

Macro-economic factors including economic and political developments, natural calamities which affect the industrial sector generally would also affect the businesses of your Company. Legislative changes resulting in a change in the taxes, duties and levies, whether local or central, also impact business performance and relative competitiveness of the businesses.

- The business of the Company is primarily based in India and it derives substantial portion of revenue from the Indian market. Therefore, any slowdown in the Indian economic growth, in particular, industrial growth & infrastructure, may negatively impact Company's business.
- With the normal monsoons in the country so far, we expect good agricultural growth for the year. The tractor sales to some extent run the risk of a demand drop in case of a significant variation in monsoon.
- Any change in the government policy or its budgetary allocation to the infrastructure sector will have a major impact on Company's business.
- Increase in prices of any of the raw materials namely Steel etc., will affect the bottom line of the Company.
- Volatility in the forex market.
- Change in the tax structure of Sales Tax, Entry Tax, Service Tax, VAT etc.
- Increasing competition from National and International players.
- Change in political and regulatory environment.
- New strategic partnerships and acquisitions.
- Our ability to expand international business.
- Unforeseen business losses

## ❖ SEGMENT WISE OR PRODUCT WISE PERFORMANCE

Company operates mainly in three segments i.e. Cranes, Material Handling/Construction Equipment and Agri Equipment. The company has a balanced approach to the Cranes, Material Handling/Construction Equipment and Agri Equipment, which helps us in capitalizing on our strengths in all three segments and to respond to market fluctuations and customer strategies.

## ❖ RISKS AND CONCERN

The Company's ability to foresee and manage business risks is crucial in achieving favorable results. Management is positive about Company's long term outlook. The Company operates in an environment which is affected by various risks, some of which are controllable while some are outside the control of the Company. However, the Company has been taking appropriate measures to mitigate these risks on a continuous basis. Some of the risks that are potentially significant in nature and need careful monitoring are listed hereunder:

- **Raw material prices:**  
Our profitability and cost effectiveness may be affected due to change in the prices of raw materials and other inputs.
- **Foreign Currency Risks:**  
Exchange rate fluctuations may have significant adverse impact on the Company
- **Technical Intensive Industry:**  
The crane industry is a technical intensive industry and thus faced with a constant demand for new designs, knowledge of nascent technology to meet market requirements.
- **Cyclical nature of the Industry:**  
The Company's growth is linked to those of the crane Industry, which is cyclical in nature. A fall in the demand would adversely impact the financial performance of the Company. Tractor Industry growth is dependent upon monsoons and availability of cheap finance from public sector banks.
- **Increasing competition:**  
Increasing competition from players expanding in India may put some pressure on market share.

## ❖ OUTLOOK

The outlook for 2013-14 is supposed to be better as compared to 2012-13; the overall economy is expected to grow in the range of 5.5 to 6.7 per cent in 2013-14. Of course, these projections assume a normal monsoon, further moderation in inflation as expected (to induce further relaxation of the tight monetary stance), and mild recovery of global growth as anticipated. Forecasting at potential turning points is difficult, hence the relatively wide range this time. Although India is veering towards an economic trough situation, the long term growth prospects of India are still stable with positive indications of infrastructure development happening in the segments in which your Company operates.

Your Company recognizes the tough times and is concentrating through management. We have already initiated significant cost reduction efforts, optimization of working capital requirements in order to minimize financing costs. These, coupled with other operational executions will enable the Company to register better performance in the coming months.

The Management anticipates improvement in the economy and is confident that when the revival happens, with right focus and proactive approach your Company will be able to capitalize on the future opportunities.

## ❖ CAUTIONARY STATEMENT

Management Discussion and Analysis detailing the Company's objectives and expectations have "forward looking statement" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied depending upon global and Indian demand-supply conditions, changes in Government regulations, tax regimes and economic developments within India and overseas.

**For and on behalf of Board  
for Action Construction Equipment Ltd.**

**Vijay Agarwal  
Chairman & Managing Director**

Place: Faridabad  
Date: 25<sup>th</sup> May, 2013



## Directors' Report

The Directors are pleased to present the 19th Annual report and Audited Statement of Accounts for the financial year ended 31st March, 2013.

		(Rs. in lacs)
<b>FINANCIAL RESULTS</b>	2012-13	2011-12
<b>Gross Turnover</b>	<b>69,280</b>	<b>87,868</b>
Excise Duty	3,172	3,110
<b>Net Turnover</b>	<b>66,108</b>	<b>84,758</b>
Other Income	1,215	1,248
<b>Total Income</b>	<b>67,323</b>	<b>86,006</b>
<b>Profit before Depreciation Interest and Tax</b>	<b>3,510</b>	<b>5,703</b>
<b>Less:</b>		
Depreciation	1,361	1133
Interest	1,045	735
Provision for Taxation	382	988
<b>Net Profit after Tax</b>	<b>722</b>	<b>2,847</b>
Profit brought forward	4,180	2,563
<b>Profit available for Appropriations</b>	<b>4,902</b>	<b>5,410</b>
<b>Appropriations:</b>		
Dividend	198	198
Corporate Tax on Dividend	34	32
Transferred to General Reserve	200	1,000
<b>Profit carried to Balance Sheet</b>	<b>4,470</b>	<b>4,180</b>



## FINANCIAL HIGHLIGHTS

FY 2012-13 proved to be a challenging year amidst global economic uncertainties and disturbances in many parts of the world. As far as Indian Economy is concerned, Weakness in industry (comprising the mining and quarrying, manufacturing, electricity, gas and water supply, and construction sectors registered a growth rate of only 3.5 per cent and 3.1 per cent in 2011-12 and 2012-13 respectively. The rate of growth of the manufacturing sector was even lower at 2.7 per cent and 1.9 per cent for these two years respectively. The growth of equipment manufacturing industry is interlinked with the growth of Infrastructure and indirectly with the growth of Indian Economy. According to the ministry's estimate, Rs. 7 lakh crores of projects are stalled at various stages due to reasons such as environment clearances and land acquisition issues. Despite these constraints and challenging environment, the Company performed reasonably well.

The Company's gross turnover stood at Rs.69,280 lacs, as compared to Rs.87,868 lacs previous year. The profit before depreciation, interest and tax stood at Rs.3,510 lacs in 2012-13, as against Rs.5,703 lacs in 2011-12. The profit after tax was Rs.722 lacs in 2012-13, as against Rs.2,847 lacs in 2011-12. The weakening of Indian Rupee throughout the year led to a loss of Rs.742 lacs. Company has taken several steps to reduce cost and increase its market share in all products.

## DIVIDEND

Your Directors are pleased to recommend Dividend of 10% (0.20/- paisa) per share on the Paid up Equity Share Capital of the Company for the year 2012-13. Total dividend (including dividend tax) will absorb Rs.232/- lacs out of the profits available for the year 2012-13. The payment of dividend is subject to the approval of the shareholders at the ensuing annual general meeting of the Company.

## MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis, forms an integral part of this Annual Report; provides a more detailed analysis on the performance of individual businesses and their outlook.

## DIRECTORS

In accordance with Article 135 of the Articles of Association of the Company Shri Keshav Chandra Agrawal and Shri Subhash Chander Verma, Directors are liable to retire by rotation in ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors hereby confirm that they:

- I) have followed in the preparation of Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures if any;
- II) had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- III) had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- IV) had prepared the annual accounts on a going concern basis.



## **SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS**

Your Company has two wholly Owned Subsidiary and a Fellow Subsidiary, namely:

1. Frested Limited, Cyprus- Wholly Owned Subsidiary
2. SC Forma SA, Romania - Fellow Subsidiary
3. Action Developers Limited, India- Wholly Owned Subsidiary

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. However, the financial information of the subsidiary companies is disclosed in the Annual Report in compliance with the said circular.

The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.

## **AUDITORS**

The Statutory Auditors of the Company, M/s. Rajan Chhabra & Co., Chartered Accountants, will retire at the ensuing Annual General Meeting of the Company. They are eligible for re-appointment and have furnished a certificate to this effect that the proposed appointment, if made, will be in accordance with Section 224 (1B) of the Companies Act, 1956.

## **COST AUDITORS**

In pursuance of Section 233-B of the Companies Act, 1956, your Directors have appointed M/s Vandana Bansal & Associates, Faridabad, as the Cost Auditors to conduct the Cost Audit for the year 2013-14.

## **DEPOSITS**

Your Company has not accepted any public deposit during the year under review.

## **QUALITY CERTIFICATION**

Your Company has got CE Certification for most of its manufactured products. After getting this Certification, products of your Company are being well accepted in the International Market. Your Company is already ISO 9001 certified Company by CVI (Conformity Verification International), which is internationally recognized for the production, quality control and other qualities. This ensures that its standards of design, development, procurement,

manufacturing, testing, installation and product support meet the most stringent norms. The ISO Certification gives international recognition and will help the Company, to boost its export turnover.

## **HUMAN RESOURCES**

The dedicated efforts of its competent and committed employees have contributed to the Company's achievements in these challenging economic conditions. Your Board believes that Employees are vital to the Company. Your Company has created a favorable work environment which encourages innovation and meritocracy. Cordial industrial relations environment prevailed at all the manufacturing units of the Company during the year.

## **PARTICULARS OF EMPLOYEES**

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forms part of this Report. However, as per the provisions of Section 219(I) (b) (iv) of the Companies Act, 1956, the Report and the Accounts are being sent to all shareholders, excluding the Statement of Particulars under Section 217(2A). Any shareholder, interested in obtaining a copy of this statement, may write to the Company Secretary.

## **CORPORATE SOCIAL RESPONSIBILITY**

Your Company is committed to the belief that it exists not just to run business and generate profits, but also to fulfill its duties as a responsible corporate citizen. As a responsible corporate citizen, ACE recognized its need to deliver value to the society, which is the reason for its existence.

Keeping in view of the above and being a responsible corporate citizen, your Company has set up a trust, i.e. '**ACE Emergency Response Service Trust**' inauguration of which was done by Shri Bhupinder Singh Hooda, Hon'ble Chief Minister of Haryana on 17.03.2013. The essential objective of the trust is to rescue by providing ambulances to be stationed at various locations in Ballabgarh and Palwal. These ambulances are well equipped with all major life saving devices & trained medical staff. These ambulances will carry any person who needs immediate medical attention & will take them to the nearest hospital. We believe that through this service, we will be able to save thousands of lives who are not able to get medical aid in the first few hours of emergency.

## **CORPORATE GOVERNANCE**

As required by the existing clause 49 of the Listing Agreements with the Stock Exchanges, a detailed report on Corporate Governance is included in the Annual Report. The Practicing Company Secretary has certified the Company's compliance of the requirements of Corporate Governance in terms of clause 49 of the Listing Agreement and the same is annexed to the Report on Corporate Governance.

## RESEARCH AND DEVELOPMENT

Your Company continues to invest in a comprehensive Research & Development (R&D) programme to develop a unique source of sustainable competitive advantage and build future readiness by leveraging contemporary advances in several relevant areas of science and technology and blending the same with classical concepts of product development.

The Company has set up a dedicated R&D centre at Jajru Road, in addition to existing R&D Centre at Dudhola Link Road. Both these centres have accreditations from the Ministry of Science and Technology, Govt of India. Both the centres continuously carries out Research and developments for developing new products and also focus on the quality of products, making them more economical, cost effective and user friendly.

## PARTICULARS ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

Information pursuant to Section 217 (1)(e) of the Companies Act, 1956 read with companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed and forms a part of this report.

## ACKNOWLEDGEMENT

The Directors wish to place on record their sincere appreciation for the committed and dedicated services of the employees of the Company. The Board also wishes to thank Government of India, various State Governments and the Company's Bankers for all the help and encouragement they extend to the Company. Your Directors deeply acknowledge the continued trust and confidence that the Shareholders, Customers, the Dealers and the Suppliers have placed in your Company.

For and on behalf of the Board of  
**Action Construction Equipment Ltd.**

**Vijay Agarwal**  
**Chairman & Managing Director**

Place: Faridabad  
Date: 25<sup>th</sup> May, 2013

## Annexure to the Director's Report Form 'A'

### Form of Disclosure of particulars with respect to Conservation of Energy

#### 1) CONSERVATION OF ENERGY

##### (a) Energy conservation measures taken:

The Company has always been taking steps towards conservation of energy and production process of the Company does not require much power. The Company continues to envisage and implement energy conservation measures in its manufacturing operations leading to savings in quantitative consumption of power, fuel, oil etc.

The Company has also implemented various energy conservation measures during the financial year which has resulted in the reduction of overall electrical energy and fuel consumption.

There is an optimum ratio of glass windows to utilize natural daylight and proper insulation/ventilation to balance temperature and reduce heat.

##### (b) Additional Investment and proposal for reduction in energy consumption

Introduction and monitoring of energy management

system for energy savings has been done, this will result in optimum utilization of energy. Company has also applied for feeder line connection which eventually will reduce the dependence on generator sets and as well as reduce the cost of the Company.

##### (c) Impact of above measures

The above proposals will result in conservation of energy.

#### 2. TECHNOLOGY ABSORPTION

Particulars with respect to Technology Absorption are given below in the prescribed Form- B

#### 3. FOREIGN EXCHANGE EARNING AND OUTGO

(Rs. In Lacs)

Sl No.	Particulars	Amount
(a)	Foreign exchange earned	1,102.31
(b)	Foreign exchange outgo	13,217.15

## Form 'B'

### Form of Disclosure of particulars with respect to Technology Absorption

#### 1) RESEARCH AND DEVELOPMENT (R&D)

The Company is having a dedicated R&D centre at Jajru Road, in addition to its existing R&D Centre at Dudhola Link Road. Both the centres continuously carries out Research and developments for developing new products and also focus on the quality of products, making them more economical, cost effective and user friendly.

##### (a) Specific areas in which R & D was carried out by the company:

- 1 Development of 16 Ton Hydra Crane (SX 160-RC)
- 2 Development of New Cabin for all models for Better Visibility
- 3 Fuse Box Split for all Models of Crane
- 4 Development of Safety Factor LMI (Load Movement Indicator)
- 5 Alternate engine in 16 Ton FX174 Pick-N-carry Crane (Ashok Leyland Engine)
- 6 New Design for Main Frame 15XW-E low CG

- 7 New Design for Booms 36', 42' & 51' 15XW-E low CG
- 8 New Design for Booms 51' & 58' 15XW-F
- 9 New Design for Booms 58' 18XW
- 10 New Design for Booms 36', 42' & 51' FX120 N & FX150 N
- 11 New Design for Booms 36', 42' & 51' SX120 N & SX150 N
- 12 Common Manual Extensions For 51' & 58' Booms
- 13 New Design for Booms Rhino 90 Mines
- 14 Development of Auxiliary Gear Box 02 Speed With Pneumatic
- 15 Development of Front Body With Axle converted MS to Sailma Material
- 16 Counter Weight & Bumper with the Provision of Camera and proximity Sensor
- 17 Introduction of Drag Winch on FX150 Model
- 18 Development of 58' 4 Part Boom with manual extension for new cranes

- 19 Development of new technology for Rope Compensation slotted Boom
- 20 Development of Load Stabilizer for Forklifts
- 21 Development of 3.5 Ton Tandem Compactors (ADD35)
- 22 Development of 16 ton new concept crane (SX160-FC)
- 23 Development of variable frequency drive motor and control on 5040/ 5015/ 5510 tower cranes
- 24 Inner Climbing Tower Crane
- 25 Crawler cranes of capacity 75 ton free fall
- 26 Design & development of truck mounted articulated boom crane of 23 Tm capacity
- 27 Developing Truck Mounted 360 Deg Slew crane in capacity of 25 Ton
- 28 Truck mounted, 360 continuous slew, articulated boom crane of 10 T Capacity
- 29 Truck Mounted 360 degree straight boom crane of 15 Tm capacity
- 30 Truck Mounted 360 degree straight boom crane of 6 Tm capacity
- 31 Proto Design of 1st ACT 60
- 32 Development of 1st Proto ACT-60 Track Harvester
- 33 Testing of ACT 60 at CFMTTI, Budhni
- 34 Testing of ACE-Star Balers at NRFMTTI, Hissar
- 35 Development of New range of Engines (32HP, 40 HP, 45 HP, 50 HP)
- 36 Development of New Sheet Metal
- 37 Development of Transmission compatible with new range of Engines.
- 38 Review of speed (2nd Gear Speed reduced) for all Models (DI350, DI450, DI550)
- 39 Development & Validation of Oil immersed wet brakes
- 40 Development & Validation of Hydrostatic Power Steering for Tractors
- 41 Development & Validation of 1800 kg lift capacity hydraulics tractor
- 42 Development & Validation of Transmission Oil Quantity Reduction (7 Ltrs.) by modifying the differential HSG. Design
- 43 Development & Validation of Differential Lock Mechanism

- 44 Development & Validation Of Reverse PTO for DI 450 & DI550 Tractors

## **(b) Benefits derived as result of the above R&D**

- Upgraded technology to meet international standards in safety & homologation requirements of the country.
- Innovate new concepts in material handling and construction equipment
- Simulation evaluation to shorten introduction time of new products
- Value engineering to remain competitive in quality & price.
- Removal of waste from design and manufacturing process
- Upgraded process to reduce manufacturing costs
- Customer satisfaction

## **(c) Future plan of action**

- 1 Developing 16 ton 4 Wheel Drive Pick-n-Carry crane (FX174)
- 2 Developing 16 ton Pick-n-Carry crane (FX172)
- 3 Developing 15 ton Pick-n-Carry crane (15XW F\_N)
- 4 Developing 16 ton Pick-n-Carry crane with Eicher Engine (FX174\_EICHER)
- 5 Developing 14 ton Pick-n-Carry crane (FX 150\_N)
- 6 Developing Skid Steer (SS75)
- 7 Developing 18 ton new concept crane (SX180)
- 8 Developing 25 ton 4 Wheel Drive Pick-n-Carry crane (FX250)
- 9 Developing Heavy Recovery Vehicle (15 Ton)
- 10 Developing 3 Ton Hydrostatic Tele handler (TH730)
- 11 Motor Grader Indian Engine
- 12 Wheel Loader Indian Engine
- 13 Alternate engine in 3.5 Ton Mini Compactor
- 14 Rock breaker attachment for Backhoe Loader
- 15 Developing tower crane model 5512
- 16 Crawler cranes of capacity 40 Ton
- 17 Crawler cranes of capacity 55 Ton
- 18 Crawler cranes of capacity 80 Ton capacity
- 19 Development of Fixed Tower crane TC 6040



- 20 Development of Fixed Tower crane TC 7052-12 and TC7052-16
- 21 Development of 2.5 ton electric fork lift
- 22 Development of 25 Ton crawler crane
- 23 3 Ton forklift Alternate Indian engine
- 24 Developing Truck Mounted 360 Deg Slew crane in capacity of 50 Ton & 70 Ton
- 25 Design & development of truck mounted full slew crane of 6 T lift capacity on wheels and 16 T with outriggers
- 26 New Designed Snatch Block for 08 Ton
- 27 Design & Development of Proto ACE Wheel Harvester
- 28 ACE Rice Transplanter
- 29 Design of ACE Rotavator
- 30 Development of ACT-60 Track Harvesters
- 31 Value Engineering of ACT-60 Harvester, Rotavator & ACE Wheel Harvester
- 32 Development of New range of Engines (25HP, 60 HP)
- 33 Development of New Transmission (Constant Mesh) for 60HP/75HP Tractor
- 34 Development of New Transmission & Engine Test Rig
- 35 Development of 2 Wheel Drive & 4 Wheel Drive Tractors (with Carraro Transmission – 8+8 speed)
- 36 Development of 1500kg lift capacity hydraulic tractor
- 37 Development of Higher HP 4 Cylinder Turbocharged Engines with Intercooler (76HP & 90HP)

- 38 Development of Sheet Metal for New range of Engine (2 cyl and 4 cyl)

Also Looking for technical and commercial tie ups for our products Development of improved and more reliable safe load indicator for pick and carry cranes.

#### **d) Expenditure on Research and Development**

**(Rs. In Lacs)**

<b>SI No.</b>	<b>Particulars</b>	<b>Amount</b>
(a)	Capital Expenditure	73.47
(b)	Revenue Expenditure (including Salary to R& D staff and other related expenses)	848.57
	<b>Total (a+b)</b>	<b>922.04</b>

## **2) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

### **a) Technology absorption measures taken by the company and benefits there from :**

The Company has successfully absorbed the technology for the development of various new models of cranes and tractors developed by the R&D team.

### **b) During the year, the company has imported technology for the manufacturing of crawler crane (14 ton) and the same is under absorption.**



## Report on Corporate Governance

### THE COMPANY'S PHILOSOPHY

Corporate governance is about commitment to values and ethical business conduct. It is about how an organization is managed. It includes its corporate and other structures, its culture, policies and the manner in which it deals with various stakeholders. As shareholders across the globe evince keen interest in the practices and performance of Companies, corporate governance has emerged at the centre stage of the way the corporate world functions. Corporate governance is vital to enable Companies to compete globally in a sustained manner and let them flourish and grow. Timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the company is an important part of Corporate Governance.

The Management and decision taking of the Company is done at three levels:-

1. **Shareholders of the Company:** The Shareholders of the Company are the ultimate authority. This body is responsible for selecting the overall management of the Company. The crucial decisions taken by Board of Directors of the Company has to be passed through the filter test from the Shareholders. Approval of Shareholders is taken at Annual General Meeting, at Extra-Ordinary General Meeting and through Postal Ballot. Details of resolutions passed by Shareholders of the Company are covered under the upcoming section of the report.
2. **Board of Directors of the Company:** The Board of the Directors are elected by the shareholders of the Company, to look after overall management of the Company, on behalf of the shareholders of the Company. Here, the ownership and management are segregated. The Board of Directors of the Company are authorised to take all the decisions on behalf of the Company, except such decisions as are mandated by Law, Rules and Regulation of the Land. The respective details of Board and its meetings as specified under the Listing agreement are produced at the respective upcoming section.



**3. Sub-Committees of the Board:** There are certain issues and tasks which needs careful and specific attention. Thus, the formation of various Committees is required. These Committees work under the supervision of Board. The working and decisions taken by the Committees are regularly updated to Board of Directors of the Company through minutes.

#### BOARD OF DIRECTORS

The Board of Directors ('the Board') is at the core of our Corporate Governance practice and oversees how the management serves and protects the long- term interests of all our stakeholders.

We believe that an active, well-informed and independent Board is necessary to ensure the highest standards of corporate governance.

There are four Executive and four Non-executive directors on the Board of the Company. All Non-executive directors are independent directors. The Executive Directors are authorized for conducting the general business of the Company, but all the other crucial decisions are taken at the Board Level. The Board of directors of the Company meets at timely intervals and takes the crucial decisions of the Company. The Composition of Board of Directors is as per clause-49 of Listing Agreement. The Independent Directors appointed are as per the definition of Independent Directors provided in the Listing Agreement. The Board of Directors of the Company met four times during the financial year 2012-13 i.e. on 12th May, 2012, 04th August, 2012, 03rd November, 2012, 04th February, 2013.

The Composition and other directorship held by directors are given below:-

Name of Directors	Position in the Company	Attendance at Board Meeting out of four and at/last AGM	Director ship in other Indian public Companies	Position on Audit & Investor Grievance Committees in Indian Companies including ACE.	
				As Chairman	As Member
Mr. Vijay Agarwal	Chairman & Managing Director	4/Yes	1	–	1
Mrs. Mona Agarwal	Whole-Time Director	4/No	1	–	–
Mr. Sorab Agarwal	Executive Director	3/Yes	1	–	1
Mrs. Surbhi Garg	*Executive Director	4/No	–	–	–
Mr. Girish Narain Mehra	Independent Director	3/Yes	6	5	4
Mr. Subhash Chander Verma	Independent Director	4/Yes	–	1	1
Dr. Amar Singal	Independent Director	4/No	–	1	1
Maj. Gen. (Retd.) Dr. Keshav Chandra Agrawal	Independent Director	4/No	–	–	–

**\*Appointed as Executive Director w.e.f 01.04.2012**

None of the Directors on the Company's Board is a member of more than 10 Committees and Chairman of more than 5 Committees across all the Companies in which he/she is a director.

## BOARD AGENDA

Meetings are governed by a structured agenda. The Board members, in consultation with Chairman, may bring any matter for the consideration of the Board. All major agenda items are backed by comprehensive background information to enable the Board to take informed decisions. Agenda papers are circulated at least three working days prior to the Board Meeting.

## DETAILS OF COMMITTEES OF BOARD OF DIRECTORS

### (I) AUDIT COMMITTEE

As Mandated by Listing Agreement and Companies Act, 1956, the role of Audit Committee includes the following:-

- ❖ Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ❖ Reviewing, with the management, the annual financial and quarterly statements before submission to the board for approval, with particular reference to the matters as provided in the Listing Agreement.
- ❖ Reviewing, with the management, the statement of uses / application of funds raised through various issues.
- ❖ Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems and recommending fees for Statutory Auditors.
- ❖ Reviewing, with the management, appointment, performance and recommending fees for cost auditor
- ❖ Reviewing the adequacy of internal audit function, if any, including the structure and other things.
- ❖ Discussion with internal auditors any significant findings and follow up there on.
- ❖ Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- ❖ Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- ❖ To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non- payment of declared dividends) and creditors.
- ❖ Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

### AUDIT COMMITTEE DETAILS

Meeting of the Audit Committee was held on 4 occasions on 12th May, 2012, 04th August, 2012, 03rd November, 2012, 04th February, 2013. The details of composition and attendance are produced below. The qualification & composition of Audit Committee is as per clause-49 of the Listing Agreement. Mr. Subhash Chander Verma, a graduate and qualified CAIIB (Associate of Indian Institute of Bankers.) is the Chairman of the Committee. He has a rich experience of over 41 years in financial matters and is an expert in accounting and financial management.

S. No.	Name of the Directors	Designation	Category	Number of Meeting Attended
1.	Mr. Subhash Chander Verma	Chairman	Independent	4
2.	Mr. Girish Narain Mehra	Member	Independent	3
3.	Dr. Amar Singal	Member	Independent	4
4.	Mr. Vijay Agarwal	Member	Executive	4

All members of the Committee have requisite financial and management expertise/knowledge and have rich experience of the industry. The Chairman of the Committee was present at the last Annual General Meeting of the Company.



The Committee's terms of reference are in consistent with the SEBI Corporate Governance Code and of the Companies Act 1956.

Mr. Rajan Luthra CFO & Company Secretary of the Company acts as secretary of the committee. The Representative of the statutory auditors is permanent invitee of the Audit Committee meetings.

## **(II) SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE**

The role of Shareholders Grievance Committee includes the following:-

1. To look after the unresolved complaints of the Shareholders of the Company.
2. To have an overall supervision on DEMAT, REMAT, Share Transfer procedure of the Company.
3. Other terms of reference, as provided or may be provided in this behalf.

### **SHAREHOLDERS/INVESTORS COMMITTEE DETAILS**

Meeting of the Shareholders Grievance Committee was held twice in FY 2012-13 i.e. on 12th May, 2012 and 03rd November, 2012. The detail of composition and attendance is produced below.

S.No.	Name of the Directors	Designation	Category	Number of Meeting Attended
1.	Dr. Amar Singal	Chairman	Independent	2
2.	Mr. Subhash Chander Verma	Member	Independent	2
3.	Mr. Sorab Agarwal	Member	Executive	2

Mr. Rajan Luthra CFO & Company Secretary of the Company acts as Compliance Officer of the Committee. There were no Complaints pending as on 31st March, 2013.

## **(III) REMUNERATION COMMITTEE**

Meeting of the Remuneration Committee was held once in FY 2012-13 i.e. on 12th May, 2012 to recommend the appointment and remuneration payable to Mrs. Surbhi Garg as Executive Director of the Company w.e.f 01.04.2012.

### **REMUNERATION COMMITTEE DETAILS**

The Composition and other details of Remuneration Committee of Directors of the Company were as follows:-

S.No.	Name of the Directors	Designation	Category	Number of Meeting Attended
1.	Dr. Amar Singal	Chairman	Independent	1
2.	Mr. Girish Narain Mehra	Member	Independent	1
3.	Mr. Subhash Chander Verma	Member	Independent	1

All decision relating to remuneration of the Directors are taken by the Board of Directors of the Company on the recommendation of the Remuneration committee.

## **(IV) COMPENSATION (ESOS) COMMITTEE**

The Compensation Committee of the Company is empowered to formulate Employ Stock Option Scheme for the Company and is also authorized to allot Options to the employees of the Company.

### **COMPENSATION (ESOS) COMMITTEE DETAILS**

The Composition and other details of Compensation (ESOS) Committee of Directors of the Company were as follows:-

S.No.	Name of the Directors	Designation	Category
1.	Mr. Subhash Chander Verma	Chairman	Independent
2.	Mr. Girish Narain Mehra	Member	Independent
3.	Mr. Vijay Agarwal	Member	Executive

However no options have been allotted by the Company in the financial year 2012-13. The Company is yet to implement the ESOS Scheme-2010.

- **No Compensation Committee meeting was held during the year 2012-13.**

## (V) SHARE ALLOTMENT COMMITTEE

Share Allotment Committee is authorized to allot warrants and equity shares to prospective shareholders.

### SHARE ALLOTMENT COMMITTEE DETAILS

The Composition and other details of Share allotment Committee of Directors of the Company are as follows:-

S.No.	Name of the Directors	Designation	Category
1.	Maj. Gen. (Retd.) Dr. Keshav Chandra Agrawal	Chairman	Independent
2.	Mr. Subhash Chander Verma	Member	Independent
3.	Mr. Girish Narain Mehra	Member	Independent

- **No Share Allotment Committee meeting was held during the year 2012-13.**

**Details of remuneration paid to Whole-time/ Executive Directors and sitting fee paid to the Independent Directors, for attending the meetings of the Board of Directors and Committees thereof of the Company for the financial year 2012-13, is as below:**

#### (i) Remuneration paid to CMD/WT/ ED of the Company.

					(Rs. in Lacs)
S. No.	Names of the Directors	Salary & Allowances	Contribution to PF, Gratuity and Other Funds	Other benefits and perquisites	Total
1.	Mr. Vijay Agarwal, Chairman & Managing Director	252.00	–	15.40	267.40
2.	Mrs. Mona Agarwal, Whole- time Director	126.00	–	9.62	135.62
3.	Mr. Sorab Agarwal, Executive Director	33.60	–	2.40	36.00
4.	Mrs. Surbhi Garg, Executive Director	16.80	–	–	16.80
	<b>Total</b>	<b>428.40</b>	<b>–</b>	<b>27.42</b>	<b>455.82</b>

The above mentioned remuneration of Rs.455.82 Lacs is in excess of Maximum permissible remuneration as determined under Schedule XIII of the Companies Act, 1956. However the company has filed an application with the Central Government on dated 14th March 2013 for grant of approval for payment of same remuneration as paid in past to Mr. Vijay Agarwal, Chairman & Managing Director and Mrs. Mona Agarwal, Whole time Director of the Company. Pending approval from the government,

management has taken confirmation from both the directors that they shall refund the excess remuneration in the event of refusal of such approval.

**(ii) Sitting Fee paid to Non-Executive Directors:-**

Apart from sitting fees that are paid to the Non- Executive and Independent Directors for attending Board/Committee meetings, no other fees/commission were paid during the year. During the year under review, there was no pecuniary relationship or business transaction by the Company with any Non-Executive Directors. Following is the detail of sitting fees paid to the Non-Executive Directors:

S. No.	Name of the Directors	Amount Paid for 2012-13
1.	Mr. Girish Narain Mehra	Rs. 70,000
2.	Maj. Gen. (Retd.) Dr. Keshav Chandra Agrawal	Rs.40,000
3.	Mr. Subhash Chander Verma	Rs.1,10,000
4.	Dr. Amar Singal	Rs.1,10,000

**GENERAL BODY MEETINGS**

The location and time of last three AGMs are as follows:

For the Year	2009-10	2010-11	2011-12
AGM	16th	17th	18th
Date & Time	30.09.2010 1:00 p.m.	21.09.2011 12:00 noon	28.09.2012 11:00 a.m
Venue	MPCU SHAH AUDITORIUM, Shree Delhi Gujrati Samaj Marg, Delhi-110054.	MPCU SHAH AUDITORIUM, Shree Delhi Gujrati Samaj Marg, Delhi-110054.	MPCU SHAH AUDITORIUM, Shree Delhi Gujrati Samaj Marg, Delhi-110054.

**SPECIAL RESOLUTIONS PASSED IN THE PAST THREE YEARS**

At Annual General Meeting held on 30th September, 2010	
1.	To re-appoint Mr. Vijay Agarwal, as Chairman and Managing Director of the Company
2.	To re-appoint Mrs. Mona Agarwal, as Whole-time Director of the Company
3.	To re-appoint Mr. Sorab Agarwal as Executive Director of the Company
4.	To confirm Employee Stock Option Scheme-2010 of the Company
5.	To allot 30,00,000 preferential equity shares to Reliance Capital Limited
At Annual General Meeting held on 28th September, 2012	
1.	To appoint Mrs. Surbhi Garg, as Executive Director of the Company.

Note:

- No Special Resolution was passed in seventeenth Annual General Meeting held on 21.09.2011.

- No Extraordinary General Meeting was held during the financial year 2012-13.

## POSTAL BALLOT

No resolutions have been passed by the Company's shareholders through postal ballot during the year ended 31st, March 2013.

At the ensuing Annual General Meeting, there is no resolution proposed to be passed by postal ballot.

## SUBSIDIARY COMPANIES

The Clause 49 of the Listing Agreement defines a 'material non-listed Indian subsidiary' as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid-up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively of the listed holding company and its subsidiaries in the immediately preceding accounting year. Under this definition, the Company does not have any 'material non-listed Indian subsidiary' during the year under review.

The Audit Committee and Board regularly review the financial statements and the Minutes of the meetings of subsidiary companies of the Company.

## INVESTOR GRIEVANCES

During the year, the Company received 18 investor grievances which were redressed. There were no requests pending for Share Transfer or Transmission as on 31st March, 2013.

## CODE OF BUSINESS CONDUCT AND ETHICS

The Board of Directors have adopted and put in place the Code of Business Conduct & Ethics for Board of Directors and Senior Management. The Code lays down in detail, the standards of business conducts, ethics and best corporate practice. The fundamental principle of the code is:

*"The purpose of the code is to deter wrongdoing and promote ethical conduct, maintain the trust and confidence of the public, the good reputation of the Company and the unquestioned integrity of all personnel involved in the Company. The matters covered in this code are utmost importance to the Company, our shareholders and our business partners."*

A copy of the code has been put on the Company's website [www.ace-cranes.com](http://www.ace-cranes.com). All Directors and Senior Management personnel of the Company have affirmed compliance with the provisions of the 'The Code' of Business Conduct & Ethics for the financial year ended 31st March, 2013.

A declaration signed by the Managing Director of the Company form part of this Report.

## CODE FOR PREVENTION OF INSIDER TRADING

The Company has formulated a Code of Conduct for Prevention of Insider Trading ('Code') in accordance with the guidelines specified under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.

The Board has appointed Company Secretary as the Compliance Officer under the Code who is responsible for complying with the procedures, monitoring adherence to the rules for the preservation of price sensitive information, pre-clearance of trade, monitoring of trades and implementation of the Code of Conduct under the overall supervision of the Board. The Company's Code, inter alia, prohibits purchase and/or sale of shares of the Company by an insider, while in possession of unpublished price sensitive information in relation to the Company and also during certain prohibited periods.

## INTER-SE RELATIONSHIP BETWEEN DIRECTORS

As per requirement of Clause 49 of the Listing Agreement, Company has to report Inter-se relationship between the Directors in the Annual Report of the Company. The following are the details of Inter-se relationship between the Directors:-

- Mr. Vijay Agarwal, Chairman & Managing Director is husband of Mrs. Mona Agarwal, Whole-time Director and Father of Mr. Sorab Agarwal and Mrs. Surbhi Garg, Executive Directors of the Company. All other Directors of the Company, act in their

Independent capacities and do not have any inter-se relationship among them.

## **DISCLOSURES**

### **BASIS OF RELATED PARTY TRANSACTIONS**

All the related party transactions are strictly done on arm's length basis. The Company places all the relevant details relating to related party transactions before the Audit Committee/ Board from time to time. Any shareholder, interested in obtaining a copy of this statement, may write to the Company Secretary.

- i. The details of "Related Party Disclosures" are being disclosed in Notes no. 10(e) of Other Notes to the Accounts in the Annual Report.
- ii. None of the Independent Directors had any pecuniary relationship or transactions with the Company except sitting fees of Rs. 10,000/- per meeting of the Board or Committee thereof, during the financial year ending 31st, March, 2013.

### **DISCLOSURE OF ACCOUNTING TREATMENT**

The Company has followed all relevant Accounting Standards while preparing the Financial statements.

### **RISK MANAGEMENT**

The Company manages risks as an integral part of its decision making process. The Audit Committee and the Board of Directors are regularly apprised regarding key risk assessment and risk mitigation mechanisms. The Company has in place mechanism to inform Board Members about the Risk Assessment and Minimization procedures and periodical reviews to ensure that the Executive management controls risk.

### **CEO/ CFO CERTIFICATION**

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) certification, on financial statements is issued pursuant to the provisions of Clause 49 of the listing agreement and is annexed to the Corporate Governance Report and form part of the annual Report.

### **MEANS OF COMMUNICATION**

Your Company has promptly reported all material information, including declaration of quarterly financial results, press releases, etc., to all Stock Exchanges where the securities of your Company are listed. Such information was, also, simultaneously displayed immediately on your Company's website i.e. [www.ace-cranes.com](http://www.ace-cranes.com). The quarterly and half-yearly Financial Results of the Company during the year 2012-13 were published in leading newspapers (English & Hindi), viz., Financial Express, Jansatta, and Business Standard.

The "Limited Review" Reports of the Financial Results for the quarters ended June 30, 2012, September 30, 2012, and December 31, 2012 were obtained from the Statutory Auditors of the Company. Further Auditors Report for the year ended on March 31st 2013, was also obtained from the Statutory Auditors of the Company and filed with the stock exchange(s).

Investors/ Shareholders are advised to send all correspondence queries and grievances to the Company at [cs@ace-cranes.com](mailto:cs@ace-cranes.com).

Recently, as part of its 'Green Initiatives', Government has permitted Companies to provide various documents to its Shareholders in electronic form i.e. through e-mail. Your Company is fully committed towards such an initiative and has accordingly requested its Shareholders to provide or update their e-mail ids with their respective DPs/Company Registrar, as the case may be, and give their option for receiving documents in electronic form.

### **NATIONAL ELECTRONIC APPLICATION PROCEEDING SYSTEM (NEAPS)**

The NEAPS is web based system designed by NSE for corporates. The Shareholding Pattern and Corporate Governance Report for each quarter are also filed electronically on NEAPS.



## GENERAL SHAREHOLDER INFORMATION

### REGISTRAR AND SHARE TRANSFER AGENT

Karvy Computershare Pvt. Ltd ("KARVY" or "RTA") acts as Registrar and Share transfer agent to the Company. All the requests received for RE-MAT, DE-MAT, transfers, splits are routed through the Karvy and all the records related to the Shareholders of the Company is being maintained by the Karvy. The requests received from the Shareholders are properly processed within the time specified in the Companies Act and as per listing agreement entered with SEBI.

### SHARE TRANSFER SYSTEM

Share Transfer requests which are received in physical form are processed and the share certificates are returned within a period of 15 days from date of receipt, subject to the documents being in order and complete in all aspects.

The Company has taken various steps to ensure that the shareholder-related matters are given due priority and the matters/issues raised are resolved at the earliest.

For any query or request, detailed address of our RTA is produced below:-

#### Karvy Computershare Private Limited

"Karvy House"

46 Avenue 4, Street -1,

Banjara Hills

Hyderabad – 500 034

Phone: + 91-40-23312454, 23320751/52/53

Fax: + 91-40-23311968

Email: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)

### FORTHCOMING AGM: DATE, TIME AND VENUE

The 19th Annual General Meeting of the Company is scheduled for, the Saturday, 24th August 2013, at 11:00 am at MPCU SHAH AUDITORIUM, Shree Delhi Gujarati Samaj Marg, Delhi-110054.

### DIVIDEND PAYMENT DATE AND BOOK CLOSURE DATE

The Board has recommended the payment of Dividend @ 10% (0.20/- paisa) per share for the financial year 2012-13 for consideration of the shareholders at the ensuing Annual General Meeting. The same will be transferred within five days from the date of declaration, as per the provisions of the Companies Act, 1956, and shall be paid within 30 days from the date of approval.

The register of members and share transfer books of the company will remain closed from Monday, 19th August, 2013 to, Friday 23rd August, 2013 (both days inclusive), for the purpose of determining the eligibility of the members/ beneficial owners of the Company for the payment of Dividend @ 10% (0.20/- paisa) per share for the year ended 31st March, 2013, if approved by the shareholders.

### FINANCIAL YEAR OF THE COMPANY

The financial year of the Company is from April 1st to March 31st every year.

### FINANCIAL CALENDAR (TENTATIVE)

For 1st quarter ending 30th June, 2013	First Week of August 2013
For half year ending 30th September, 2013	First Week of November 2013
For 3rd quarter ending 31st December, 2013	First Week of February 2014
For year ending 31st March, 2014	Last Week of May 2014
Annual General Meeting for the year ending 31st March, 2014	Last Week of September 2014

## LISTING ON STOCK EXCHANGES

The Company's equity shares are actively traded on following stock exchanges:

1. Bombay Stock Exchange Limited (BSE)
2. The National Stock Exchange of India Limited (NSE)

## STOCK CODES

The stock codes of the Company's securities are as follows:

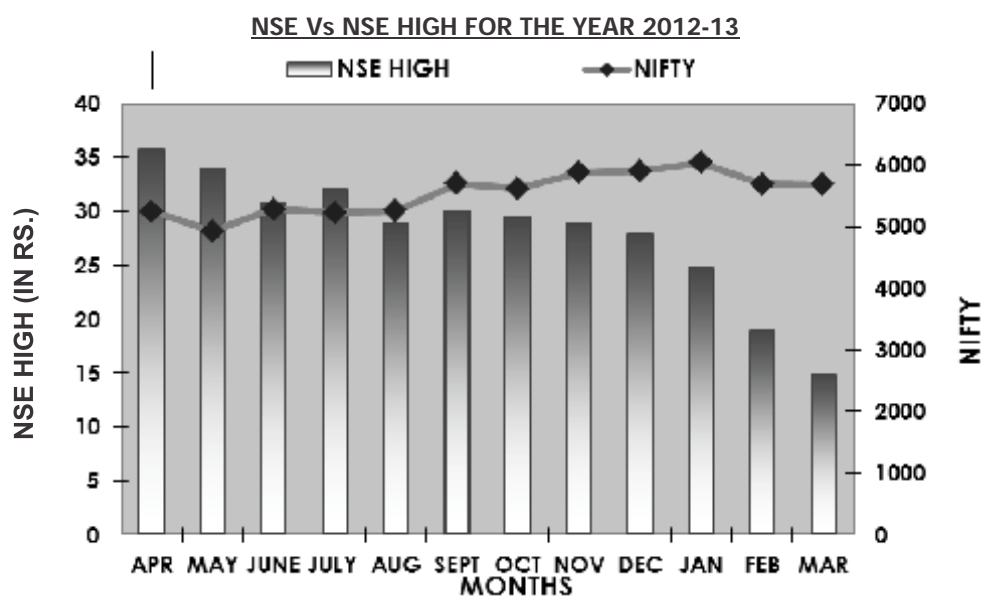
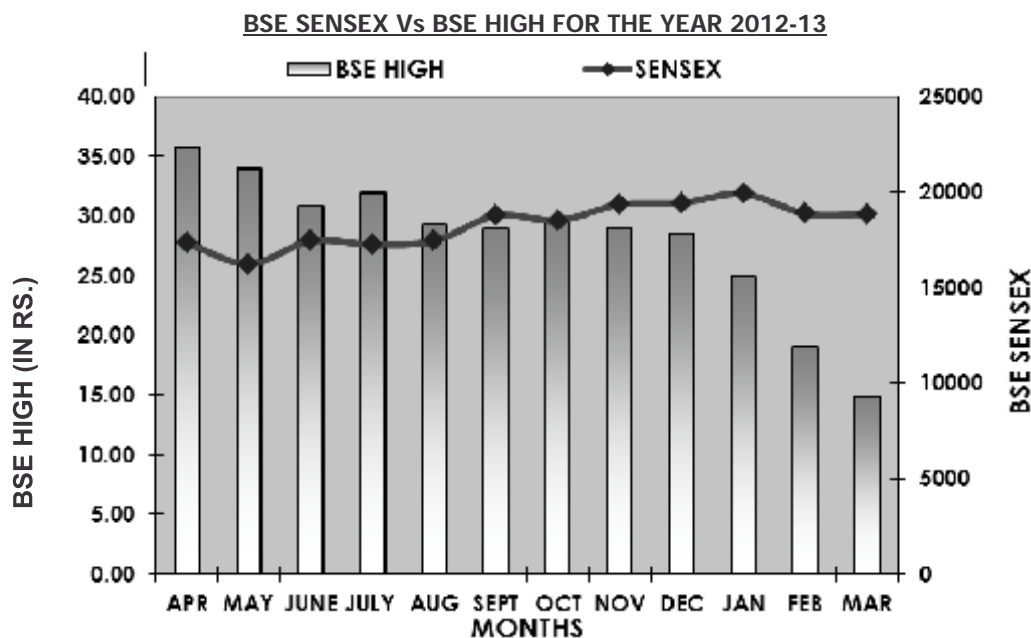
Stock Exchanges	Security Code	Type of Security
Bombay Stock Exchange	532762	Equity Shares
National Stock Exchange of India Limited (NSE)	ACE	Equity Shares

The shares of your Company are being traded in electronic form and the Company has established connectivity with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In view of the numerous advantages offered by the Depository system, members are requested to avail the facility of dematerialization of shares with either of the Depositories as aforesaid. As on March 31, 2013, a total of 98863310 equity shares which form 99.92% of the share capital stand dematerialized.

Listing Fees for the year 2013-2014 has been paid to both, Bombay Stock Exchange Limited and National Stock Exchange. Annual custodian charges of Depository have also been paid to NSDL and CDSL for the same period.

## MARKET PRICE DATA: HIGH, LOW DURING EACH MONTH IN LAST FINANCIAL YEAR

MONTH(S) 2012-13	NSE		BSE		MONTH END	
	HIGH (in Rs.)	LOW (in Rs.)	HIGH (in Rs.)	LOW (in Rs.)	BSE SENSEX	NIFTY
APRIL	35.70	30.50	35.65	30.15	17318.81	5248.15
MAY	34.00	28.10	33.95	28.05	16218.53	4924.25
JUNE	30.80	27.30	30.85	27.50	17429.98	5278.90
JULY	32.00	25.55	31.95	26.60	17236.18	5229.00
AUGUST	28.85	16.00	29.25	15.90	17429.56	5258.50
SEPTEMBER	30.00	17.50	28.90	17.60	18762.74	5703.30
OCTOBER	29.45	26.65	29.45	23.75	18505.38	5619.70
NOVEMBER	28.80	24.05	28.95	24.00	19339.90	5879.85
DECEMBER	27.90	23.10	28.40	23.00	19426.71	5905.10
JANUARY	24.75	18.10	24.90	18.00	19894.98	6034.75
FEBRUARY	18.90	11.70	19.00	11.75	18861.54	5693.05
MARCH	14.85	11.05	14.85	11.02	18835.77	5682.55



## RECONCILIATION OF SHARE CAPITAL / COMPLIANCE OF SHARE TRANSFER FORMALITIES

A Company Secretary-in-Practice carried out a Reconciliation of Share Capital [under SEBI (Depositories and Participants) Regulations, 1996] to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The certificate confirms that the total issued/paid up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held with NSDL and CDSL). Reconciliation of Share Capital Report for the quarters ended June 30, 2012, September 30, 2012, December 31, 2012 and March 31st 2013, were filed with the stock exchange(s).

Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges & under SEBI (Depositories and Participants) Regulations, 1996, certificates, on half-yearly basis, have been issued by a Company Secretary-in-Practice and same has been filed with the stock exchange(s) for due compliance by the Company.

#### **DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2013**

##### **I. ON THE BASIS OF CATEGORY**

<b>Category of Shareholding</b>	<b>Number of Shareholders</b>	<b>No. of shares held</b>	<b>% of Shareholding</b>
Promoter & Promoter Group	11	67633460	68.36
Resident individuals & others	31513	19115501	19.32
Mutual Funds/ UTI	4	2496198	2.52
Non-residents/FII/OCB	226	1457856	1.47
Bodies Corporate	562	8236985	8.33
<b>TOTAL</b>	<b>32316</b>	<b>98940000</b>	<b>100.00</b>

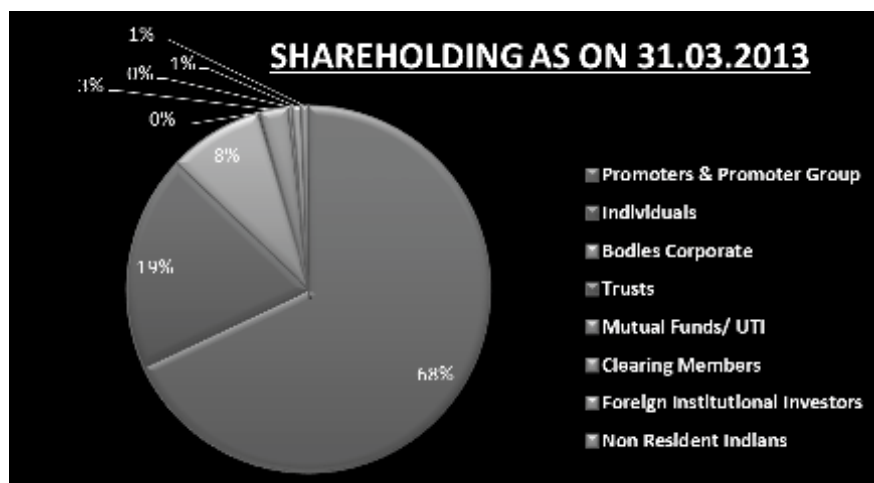
##### **II. ON THE BASIS OF SHARES HELD**

<b>No. of Shareholders</b>	<b>% to Total</b>	<b>Share holding of nominal value of Rs.2</b>	<b>No. of Shares</b>	<b>% to Total</b>
31039	96.05	Up to 1 to 5000	7929072	8.01
662	2.05	5001 to 10000	2449737	2.48
285	0.88	10001 to 20000	2095403	2.12
118	0.37	20001 to 30000	1487925	1.50
42	0.13	30001 to 40000	739180	0.75
34	0.11	40001 to 50000	779540	0.79
71	0.21	50001 to 100000	2277987	2.30
65	0.20	100001 and above	81181156	82.05
<b>32316</b>	<b>100.00</b>	<b>Total</b>	<b>98940000</b>	<b>100.00</b>

### III. ON THE BASIS OF OWNERSHIP

Category Code	Category of Shareholder	Number of Shareholders	Total number of shares	% of holding
<b>A) Shareholding of Promoter and Promoter Group</b>				
<b>1</b>	<b>Indian</b>			
(a)	Individuals/ Hindu Undivided Family	7	67321735	68.04*
<b>B) Public shareholding</b>				
<b>1</b>	<b>Institutions</b>			
(a)	Mutual Funds/ UTI/Bank	4	2496198	2.52
(b)	Foreign Institutional Investors/OCB	1	868643	0.88
<b>2</b>	<b>Non-institutions</b>			
(a)	Bodies Corporate	562	8236985	8.33
(b)	Individuals	31446	18869969	19.07
(c)	Non Resident Indians	225	589213	0.60
(d)	Trusts	1	215374	0.21
(e)	Clearing Members	70	341883	0.35
<b>TOTAL</b>		<b>32316</b>	<b>98940000</b>	<b>100.00</b>

*\*Shareholding of Promoter & Promoter group has been increased from 67.73% as on 31.03.2012 to 68.04% as on 31.03.2013 through secondary market purchase.*



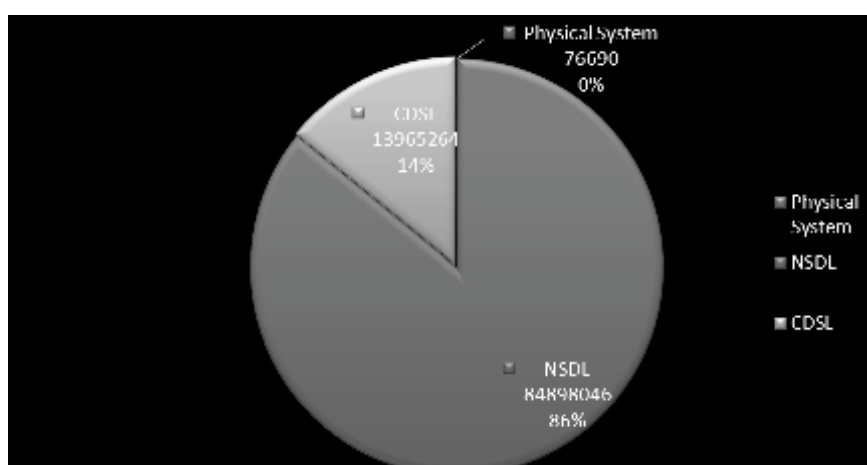


## DEMATERIALIZATION OF SHARES AND LIQUIDITY

As on 31st March, 2013, 99.92% of the shareholding was held in dematerialized form as per details mentioned below:-

Particular	No. of Holders	No. of Shares	% of Total Issued Capital
Physical System	7952	76690	0.08
NSDL	15760	84898046	85.81
CDSL	8604	13965264	14.11
<b>Total</b>	<b>32316</b>	<b>98940000</b>	<b>100.00</b>

The DEMAT ISIN of the Company's equity shares is **INE731H01025**.



## OUTSTANDING GDRS/ADRS/WARRANTS OR ANY CONVERTIBLE INSTRUMENT

There are no outstanding GDRs/ADRs, Warrants or any Convertible instrument.

## TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Sections 205A and 205C of the Companies Act, 1956, the dividend which remains unclaimed/ unpaid for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government.

The Ministry of Corporate Affairs has notified the Investor Education and Protection Fund (uploading of information regarding unpaid and unclaimed amounts lying with the companies) Rules, 2012, whereby the Company, inter alia, is required to upload the details of unpaid and unclaimed dividends on the website of the Company. The Company has uploaded the details of unpaid and unclaimed dividends on the Website of the ministry and also on the website of the Company.

## UNCLAIMED DIVIDEND STATUS

During the year, the Company sent reminders to those Members who had not claimed their dividend. The following unclaimed amounts were transferred to IEPF:

Amounts transferred during Financial Year 2012-13 For the Financial Year 2005-06	
Unclaimed dividend with the Company Due date of transfer- 24.04.2013	1600
<b>Total amount transferred to the IEPF of the Central Government during the year</b>	<b>1600</b>

**THE DUE DATES FOR TRANSFER TO IEPF OF THE DIVIDEND REMAINING UNCLAIMED SINCE 2006-07 ARE PROVIDED HERE UNDER:**

Sl No.	Dividend Year	Proposed date of Transfer
1.	Final Dividend 2006-07	21.09.2014
2.	Interim Dividend 2007-08	07.03.2015
3.	Final Dividend 2007-08	11.09.2015
4.	Final Dividend 2008-09	17.09.2016
5.	Interim Dividend 2009-10	28.05.2017
6.	Interim Dividend 2010-11	28.03.2018
7.	Final Dividend 2010-11	31.10.2018
8.	Final Dividend 2011-12	15.11.2019

Members are requested to get in touch with Karvy Computershare Private Limited (RTA) for claiming the unpaid/unclaimed dividend, if any, standing to the credit of the account.

**After transfer of the said amounts to the IEPF, no claims in this respect shall lie against the IEPF or the Company nor shall any payment be made in respect of such claims.**

## **SHARES HELD IN ELECTRONIC FORM**

Members holding shares in electronic form may please note that:

- I. Instructions regarding bank details which they wish to have incorporated in future dividend warrants must be submitted to their Depository Participants (DP). As per the regulations of NSDL and CDSL, the Company is obliged to print bank details on the dividend warrants, as furnished by these Depositories to the Company.
- II. Instructions already given by them for shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form.
- III. Instructions regarding change of address, nomination and power of attorney should be given directly to the Depository Participant (DP).
- IV. The Company provides NECS facilities for shares held in electronic form and Members are urged to avail of this facility.

## **BANK DETAILS**

Please refer to SEBI circular no. CIR/MRD/DP/10/2013 dated March 21, 2013 for usage of electronic payment modes for making cash payments to the investors. Now Companies shall mandatorily print the bank account details of the investors on such payment instruments. Therefore, members holding shares in physical form are requested to notify/send the following to Karvy (RTA) to facilitate better servicing:

- I. Particulars of the bank in which they wish their dividend to be credited, in case they have not been furnished earlier.
- II. any change in their address/mandate/bank details, and

Members are advised that respective bank details and address as furnished by them or by NSDL/CDSL to the Company, for shares held in physical form and in electronic form respectively, will be printed on their dividend warrants as a measure of protection against fraudulent encashment.

#### **NATIONAL ELECTRONIC CLEARING SERVICE (NECS) FACILITY**

Under NECS facility, Members get an option to receive dividend directly to their bank account rather than receiving the same through Dividend Warrants. Members holding shares in physical form, who wish to avail NECS facility, are requested to send their NECS mandate in the prescribed form to Karvy Computershare Private Limited (RTA), in the event they have not done so earlier. Members holding shares in electronic form are requested to give the NECS mandate to their respective DPs directly.

The NECS Mandate Form can be obtained from Karvy Computershare Private Limited (RTA).

#### **NON-MANDATORY REQUIREMENTS UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

Adoption of the other non-mandatory requirements is being reviewed by the Company from time to time.

#### **MAINTAINING NON-EXECUTIVE CHAIRMAN'S OFFICE**

Not Applicable as the Chairman is an Executive Director.

#### **REMUNERATION COMMITTEE**

The information pertaining to Remuneration Committee is already provided in this Report.

#### **SHAREHOLDER RIGHT**

The Company's quarterly and half yearly results are published in the prominent newspapers and also uploaded on its website ([www.ace-cranes.com](http://www.ace-cranes.com)).

Therefore, no individual communications are sent to the shareholders in this regard. The Company believes in maintaining its Accounts in a transparent manner and aims at receiving unqualified report from the Auditors on the financial statements of the Company.

## ADDRESS FOR CORRESPONDENCE

Action Construction Equipment Limited	
<b>Corporate Office</b> Dhudhola Link Road, Dhudhola Dist. Palwal (Haryana) Phone: + 91-1275-280111 Fax No.: + 91-1275-280133 Email Id: cs@ace-cranes.com	<b>Registered Office</b> 5th Floor, TDI Centre, Jasola, New Delhi-110076 Phone: + 91-011-40549900 Fax No.: + 91-011-40549922 Email Id: cs@ace-cranes.com

## UNIT LOCATIONS

The following are the Unit locations of the Company:-

Address	Address	Address	Address	Address
Jajru Road, 25th Mile Stone, Delhi Mathura Road Ballabgarh- 121 004 Distt. Faridabad (Haryana)	Dhudhola Link Road, Village Dhudhola Tehsil Palwal- 121 102 Distt. Faridabad (Haryana)	Plot No.C-5/6/7/8 Industrial Area UPSIDC Bazpur-262 123 Dist. Uddham Singh Nagar, Uttaranchal.	Plot No.40 & 41, Nand Nagar Industrial Estate Phase-1,Mahuakhera ganj, Kashipur, Uttarakhand.	45th Mile Stone, Delhi Mathura Road, Prithla, Faridabad, Haryana

## RESEARCH & DEVELOPMENT (R&D) CENTRE

Address	Address
Jajru Road, 25th Mile Stone, Delhi Mathura Road Ballabgarh- 121 004, Distt. Faridabad (Haryana)	Dhudhola Link Road, Village Dhudhola Tehsil Palwal- 121 102, Distt. Faridabad (Haryana)

## DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchange(s), I hereby declare that all the Board of Directors and Senior Management personnel of the Company have affirmed the Compliance with the Code of Conduct for the year ended 31st March, 2013.

**Vijay Agarwal**  
**Chairman & Managing Director**

Place: Faridabad  
Date: 25th May, 2013

## CEO/CFO CERTIFICATION

To  
The Board of Directors  
Action Construction Equipment Limited

We, the undersigned, in our respective capacities as Chief Executive Officer and Chief Financial Officer in Action Construction Equipment Limited, to the best of our knowledge and belief, certify that:

- a. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2013 and based on our knowledge and belief, we state that:
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. We further state that to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit committee:
  - i) significant changes, if any, in internal control over financial reporting during the year;
  - ii) significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**Vijay Agarwal**  
**Chairman & Managing Director**

**Rajan Luthra**  
**Chief Financial Officer**

Place: Faridabad  
Date: 25th May, 2013

## REPORT ON CORPORATE GOVERNANCE

### TO THE MEMBERS OF ACTION CONSTRUCTION EQUIPMENT LIMITED

We have examined the compliance of conditions of corporate governance by Action Construction Equipment Limited, for the year ended on March 31, 2013 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/ Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For M/s Savita Trehan  
Company Secretary in Whole Time Practice

**Savita Trehan**  
**Company Secretary**  
**FCS No. 4374, C.P.No. 2569**

Place: Faridabad  
Date: 25th May, 2013



## Auditor's Report to the Members

### Report on the Financial Statements

We have audited the accompanying financial statements of Action Construction Equipment Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the

manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- in the case of the Profit and Loss Account, of the profit/ loss for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- As required by section 227(3) of the Act, we report that:
  - we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
  - the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Rajan Chhabra & Co.  
Chartered Accountants  
Firm Registration No. 009520N

**RAJAN CHHABRA**  
Partner  
Membership No. 088276

Place : Faridabad  
Date : 25th May, 2013

# Annexure to the Auditors' Report

## THE ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE OUR REPORT OF EVEN DATE TO THE MEMBERS OF ACTION CONSTRUCTION EQUIPMENT LIMITED FOR THE YEAR ENDED 31ST MARCH, 2013

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.  
(b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.  
(c) No substantial parts of fixed assets have been disposed off during the year.
2. (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.  
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
(c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken/granted any loans, secured or unsecured from/to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods and services. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
5. a) In our opinion and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.  
b) Where each of such transaction is in excess of Rs 5 lacs in respect of any party, the transaction have been made at a price which is prima facie reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
7. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
8. As per information & explanation given by the management, maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not, nor we are required, carried out any detailed examination of such accounts and records.
9. (a) According to information and explanation given to us, in respect of statutory dues undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding undisputed statutory dues as on 31st of March, 2013 for a period of more than six months from the date they became payable.  
(b) The disputed statutory dues aggregating Rs3980.85 lacs that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

## Annexure to the Auditors' Report (Contd.)

Name of Statute	Name of the disputed dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where dispute are pending
Income-Tax Act 1961	Income Tax	2171.00	2007-08 to 2010-11	Referred back to Assessing Officer by ITAT
The Central Excise Act, 1944	Excise Duty	3.76	2006-2007	CESTAT
The Central Excise Act, 1944	Excise Duty	5.37	2009-2010	CESTAT
The Central Excise Act, 1944	Excise Duty	607.44	2006-2007, 2007-2008, 2008-2009, 2009-2010, 2010-2011	CESTAT
The Central Excise Act, 1944	Excise Duty	317.07	2006-2007 to 2009-2010	Add. Commissioner
The Central Excise Act, 1944	Excise Duty	4.19	2011-2012	Commissioner (Appeals)
The Service Tax Under Finance Act 1994	Service Tax	1.85	2010-2011	CESTAT
The Service Tax Under Finance Act 1994	Service Tax	3.71	2009-2010	CESTAT
The Haryana Vat Act 2003	Local Area Development Tax	17.29	2004-2005 & 2005-2006	Joint Commissioner
The West Bengal Vat Act 2003	Local Sales Tax	13.00	2011-2012	High Court
The West Bengal Vat Act 2003	Local Sales Tax	832.36	2006-2007 to 2011-2012	Commercial Tax (Review Board)
Customs Act 1962	Custom Duty	3.81	2010-2011	CESTAT
Customs Act 1962	Custom Duty	Amount not quantifiable	2008-2010	Commissioner of Custom

10. The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
11. In our opinion and according to information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
14. According to information and explanations given to us, the Company is not trading in Shares, Mutual funds & other Investments.
15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
16. In our opinion and according to information given by the management, we report that the term loans were applied for the purpose for which the loans were obtained.
17. In our opinion and according to information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
18. In our opinion and according to information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
19. The Company has not issued any debentures during the year and there are no outstanding debentures during the period under audit.
20. The Company has not raised any money by public issue during the year.
21. In our opinion and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For Rajan Chhabra & Co.  
Chartered Accountants  
Firm Registration No. 009520N

**RAJAN CHHABRA**  
Partner  
Membership No. 088276

Place : Faridabad  
Date : 25<sup>th</sup> May, 2013

## Balance Sheet as at 31st March, 2013

		Rs. in Lacs	
Particulars	Notes	As at 31st March, 2013	As at 31st March, 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders Funds</b>			
Share Capital	1	1,978.80	1,978.80
Reserves and Surplus	2	28,361.83	27,783.86
		<b>30,340.63</b>	<b>29,762.66</b>
<b>Non-current Liabilities</b>			
Long-Term Borrowings	3	2,323.80	2,451.17
Deferred Tax Liabilities (Net)	4	450.08	292.06
Other Long Term Liabilities	5	236.79	174.00
Long Term Provisions	6	134.65	167.60
		<b>3,145.32</b>	<b>3,084.83</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	7	12,617.63	11,655.80
Trade Payables		9,964.80	7,461.62
Other Current Liabilities	8	5,608.41	6,197.93
Short-Term Provisions	9	456.34	1,064.11
		<b>28,647.18</b>	<b>26,379.46</b>
<b>TOTAL</b>		<b>62,133.13</b>	<b>59,226.95</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
<b>Fixed Assets</b>	10		
Tangible assets		24,863.60	22,380.17
Intangible assets		249.73	282.79
Capital Work in Progress		952.77	529.85
		<b>26,066.10</b>	<b>23,192.81</b>
Non-current investments	11	297.75	288.35
Long term loans and advances	12	7,134.91	6,600.19
Other non-current assets	13	54.58	139.85
		<b>7,487.24</b>	<b>7,028.39</b>
<b>Current Assets</b>			
Current Investments	14	1,338.61	755.16
Inventories	15	14,335.23	13,575.86
Trade Receivables	16	8,334.00	8,555.13
Cash & cash equivalents	17	1,656.25	1,999.85
Short-term Loans and Advances	18	2,915.70	4,119.75
		<b>28,579.79</b>	<b>29,005.75</b>
<b>TOTAL</b>		<b>62,133.13</b>	<b>59,226.95</b>
<b>Additional Notes to the Financial Statements</b>			
<b>27</b>			
<b>The accompanying Notes are an integral part of Financial Statements.</b>			
In terms of our report of even date		For and on behalf of the Board of Directors	
For Rajan Chhabra & Co.			
Chartered Accountants			
Firm Registration No. 009520N			
		Vijay Agarwal	
		Chairman & Managing Director	
RAJAN CHHABRA		Subhash Chander Verma	
Partner		Independent Director	
Membership No. 088276			
Place : Faridabad		Sorab Agarwal	
Date : 25 <sup>th</sup> May, 2013		Executive Director	
		Rajan Luthra	
		CFO & Company Secretary	

## Statement of Profit & Loss for the Year Ended 31st March, 2013

		Rs. in Lacs	
Particulars	Notes	Year ended 31st March, 2013	Year ended 31st March, 2012
Revenue from operations (Net)	19	66,784.98	85,551.15
Other Income	20	537.90	454.31
<b>Total Revenue</b>		<b>67,322.88</b>	<b>86,005.46</b>
<b>Expenses</b>			
Cost of Materials Consumed	21	46,994.42	60,729.87
Purchase of Stock-in-Trade		499.42	3,324.21
Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	22	776.60	77.29
Employee Benefit Expenses	23	4,868.44	4,451.39
Selling & Distribution Expenses	24	2,221.96	2,402.44
Financial Costs	25	1,045.27	734.71
Depreciation and Amortization Expenses		1,361.35	1,133.12
Other Expenses	26	8,451.18	9,316.92
<b>Total Expenses</b>		<b>66,218.64</b>	<b>82,169.95</b>
<b>Profit Before tax</b>		<b>1,104.24</b>	<b>3,835.51</b>
<b>Tax Expense</b>			
Current tax		224.83	834.13
Deferred tax		158.02	154.42
<b>Profit for the year</b>		<b>721.39</b>	<b>2,846.96</b>
Earning per equity share (Face Value Rs 2.00 each)			
Basic (Rs.)		0.73	2.97
Diluted (Rs.)		0.73	2.97
<b>Additional Notes to the Financial Statements</b>		<b>27</b>	
The accompanying Notes are an integral part of Financial Statements.			
In terms of our report of even date For Rajan Chhabra & Co. Chartered Accountants Firm Registration No. 009520N		For and on behalf of the Board of Directors	
RAJAN CHHABRA Partner Membership No. 088276		Vijay Agarwal Chairman & Managing Director	
Place : Faridabad Date : 25 <sup>th</sup> May, 2013		Subhash Chander Verma Independent Director	
Rajan Luthra CFO & Company Secretary		Sorab Agarwal Executive Director	



## Cash Flow Statement for the year ended 31st March, 2013

Rs. in Lacs

PARTICULARS	Year Ended 31st March, 2013	Year Ended 31st March, 2012
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit Before Tax as per Statement of Profit & Loss	1,104.24	3,835.51
Adjustments For :		
Interest Expenses	1,045.27	734.71
Depreciation and Amortisation Expenses	1,361.35	1,133.12
Interest Income	(321.52)	(264.29)
Profit on Sale of Fixed Assets	(10.18)	(25.62)
Loss on Sale of Fixed Assets	2.60	4.23
Revaluation Reserve Income	(4.49)	(4.73)
Foreign Currency Translation Reserve	92.58	243.90
Miscellaneous Expenses written off	1.18	1.17
<b>Operating Profit Before Working Capital Changes</b>	<b>3,271.03</b>	<b>5,658.00</b>
Adjustments For :		
Trade & Other Receivable	221.12	(98.71)
Inventories	(759.37)	(600.31)
Trade Payable	1,636.65	(2,873.90)
Loans & Advances	452.22	1,086.41
Provision of Income Tax & Wealth Tax for earlier year adj.	(99.28)	-
<b>Cash generated from Operations</b>	<b>4,722.37</b>	<b>3,171.49</b>
Direct Taxes Paid	(489.84)	(1,527.78)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>4,232.53</b>	<b>1,643.71</b>
<b>B) CASH FLOW FROM INVESTMENT ACTIVITIES:</b>		
Purchase of Fixed Assets Including CWIP	(4,304.52)	(7,468.38)
Sale of Fixed Assets	77.42	179.08
Purchase of Investments	(592.85)	(278.27)
Interest Income	321.52	264.29
<b>NET CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>(4,498.43)</b>	<b>(7,303.28)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds From Secured Loans	1,113.46	7,204.87
Interest Paid	(1,045.27)	(734.71)
Dividend & Tax thereon	(229.98)	(1,079.53)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(161.79)</b>	<b>5,390.63</b>
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>(427.70)</b>	<b>(268.94)</b>
<b>OPENING BALANCE OF CASH &amp; CASH EQUIVALENTS</b>	<b>2,134.47</b>	<b>2,398.32</b>
<b>BALANCE OF CASH &amp; CASH EQUIVALENTS OF AMALGAMATING CO.</b>	<b>-</b>	<b>5.09</b>
<b>CLOSING BALANCE OF CASH &amp; CASH EQUIVALENTS</b>	<b>1,706.78</b>	<b>2,134.47</b>

### Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method"
2. Cash and Cash equivalents consists of Cash in hand and balances with banks

**The accompanying Notes are an integral part of Financial Statements.**

In terms of our report of even date  
For Rajan Chhabra & Co.  
Chartered Accountants  
Firm Registration No. 009520N

RAJAN CHHABRA  
Partner  
Membership No. 088276

Place : Faridabad  
Date : 25<sup>th</sup> May, 2013

For and on behalf of the Board of Directors

Vijay Agarwal  
Chairman & Managing Director

Subhash Chander Verma  
Independent Director

Rajan Luthra  
CFO & Company Secretary

Sorab Agarwal  
Executive Director

## Notes to the Financial Statements

### 1. Share Capital

Particulars	As at 31st March, 2013 (No. of Shares)	As at 31st March, 2013 (Rs. in Lacs)	As at 31st March, 2012 (No. of Shares)	As at 31st March, 2012 (Rs. in Lacs)
<b>Authorised Capital :</b>				
Equity Shares of Rs. 2/- Each	12,25,00,000	2,450.00	12,25,00,000	2,450.00
<b>Issued, Subscribed and Paid up Capital :</b>				
Equity Shares of Rs. 2/- Each fully paid up	9,89,40,000	1,978.80	9,89,40,000	1,978.80
<b>A) Reconciliation of number of Equity Shares outstanding</b>				
As at beginning of the year	9,89,40,000	1,978.80	9,28,85,000	1,857.70
Add: Issue of Shares to the shareholders of amalgamating Company	-	-	60,55,000	121.10
<b>As at end of the year</b>	<b>9,89,40,000</b>	<b>1,978.80</b>	<b>9,89,40,000</b>	<b>1,978.80</b>

### B) Shareholders holding more than 5% of the Equity Shares in the Company

Particulars	As at 31st March, 2013 (No. of Shares)	As at 31st March, 2013 (%age)	As at 31st March, 2012 (No. of Shares)	As at 31st March, 2012 (%age)
Mr. Vijay Agarwal / Mrs. Mona Agarwal	3,39,88,707	34.35%	3,39,18,707	34.28%
Mrs. Mona Agarwal / Mr. Vijay Agarwal	2,65,86,328	26.87%	2,63,43,650	26.62%

### C) Rights, preferences and restrictions attached to the Equity Shares

The Equity Shares of the Company, having par value of Rs 2.00 per share, rank pari passu in all respects including voting rights and entitlement to dividend.

# Notes to the Financial Statements

## 2. Reserves and Surplus

Particulars	Rs. in Lacs	
	As At 31st March, 2013	As At 31st March, 2012
<b>Capital Reserves</b>		
At the beginning of the year	571.96	-
Add: Forfeiture of money received against share warrant	-	518.13
Add: Profit on sale of Land	-	53.83
<b>At the end of year</b>	<b>571.96</b>	571.96
<b>Revaluation Reserve</b>		
At the beginning of the year	5,740.04	5,840.87
Less: Depreciation	4.49	4.73
Less: Adjustment under the scheme of Amalgamation	-	96.10
<b>At the end of the year</b>	<b>5,735.55</b>	5,740.04
<b>Securities Premium Account</b>		
At the beginning of the year	8,532.73	8,532.73
Add: Addition during the year	-	-
<b>At the end of the year</b>	<b>8,532.73</b>	8,532.73
<b>Foreign Currency Translation Reserve</b>		
At the beginning of the year	243.90	-
Add: Translation of foreign currency loans	116.97	243.90
Less: Transferred to Statement of Profit & Loss	24.39	-
<b>At the end of the year</b>	<b>336.48</b>	243.90
<b>General Reserves</b>		
At the beginning of the year	8,515.00	7,500.00
Add: Balance of Amalgamating Company	-	15.00
Add: Transfer from Surplus in Statement of Profit & Loss	200.00	1,000.00
<b>At the end of the year</b>	<b>8,715.00</b>	8,515.00
<b>Surplus in Statement of Profit &amp; Loss</b>		
At the beginning of the year	4,180.23	2,496.85
Add: Balance of Amalgamating Company	-	66.40
Add: Profit for the year	721.39	2,846.96
Less: Appropriation of profit		
Proposed Dividend	197.88	197.88
Tax on Dividend	33.63	32.10
Transfer to General Reserve	200.00	1,000.00
<b>At the end of the year</b>	<b>4,470.11</b>	4,180.23
<b>TOTAL</b>	<b>28,361.83</b>	<b>27,783.86</b>

## Notes to the Financial Statements

### 3. Long-Term Borrowings

Particulars	Rs. in Lacs	
	As At 31st March, 2013	As At 31st March, 2012
<b>Secured</b>		
Term loans from Banks		
Foreign Currency Loan	2,056.60	2,302.05
Rupee Term Loan	947.06	550.00
	<b>3,003.66</b>	<b>2,852.05</b>
Less : Current Maturity of Long Term Borrowings	679.86	400.88
<b>TOTAL</b>	<b>2,323.80</b>	<b>2,451.17</b>

#### Terms of Repayment

- Foreign Currency Loan - Repayable in 16 equal instalments of USD 156250 & USD 125000 each, starting after 15 months from the date of disbursement 30th Jun 2011 & 1st Sep 2011 respectively with interest rate of USD LIBOR + 2.65%.
- Rupee Loan - Repayable in 118 equated monthly instalments, (including interest @10.75%) starting from 10.04.2012.

#### Security Offered

- (i) Exclusive Charge on assets financed out of this Loan.
- (ii) Exclusive Charge on Immovable assets at industrial unit at Plant IV, Prithla Dhatir Road, Village Dudholla, Palwal.
- Exclusive Charge on the assets financed out of this loan.

### 4. Deferred Tax Liabilities (Net)

Particulars	Rs. in Lacs	
	As At 31st March, 2013	As At 31st March, 2012
<b>Deferred Tax Liability</b>		
Difference between book and tax depreciation	486.60	547.47
Add: Deferred Tax Liability of amalgamating Company	-	29.65
	<b>486.60</b>	<b>577.12</b>
<b>Deferred Tax Assets</b>		
Expenditure disallowed U/s 43B	50.92	71.01
Expenditure deductible on Payment Basis	(14.40)	214.05
	<b>36.52</b>	<b>285.06</b>
<b>TOTAL</b>	<b>450.08</b>	<b>292.06</b>

### 5. Other Long Term Liabilities

Particulars	Rs. in Lacs	
	As At 31st March, 2013	As At 31st March, 2012
Security Deposits	236.79	174.00
<b>TOTAL</b>	<b>236.79</b>	<b>174.00</b>

### 6. Long Term Provisions

Particulars	Rs. in Lacs	
	As At 31st March, 2013	As At 31st March, 2012
Provision for Employee Benefits	134.65	167.60
<b>TOTAL</b>	<b>134.65</b>	<b>167.60</b>

## Notes to the Financial Statements

### 7. Short Term Borrowings

Particulars	Rs. in Lacs	
	As At 31st March, 2013	As At 31st March, 2012
<b>Secured Loans from Banks</b>		
Cash Credit	1,144.73	872.57
Buyers Credit	7,422.90	8,283.23
Working Capital Demand Loan	4,050.00	500.00
	<b>12,617.63</b>	<b>9,655.80</b>
<b>Unsecured Loans</b>		
Commercial Papers	-	2,000.00
<b>TOTAL</b>	<b>12,617.63</b>	<b>11,655.80</b>

All Credit Facilities from Banks are secured by way of hypothecation of the Company's entire inventory and such other movable including book-debts, bills whether documentary or clean, outstanding monies, receivables, both present & future and Plant & Machinery (Except Plant & Machinery financed out of Foreign Currency Loan) on pari passu basis and First charge by the way of equitable mortgage of property situated at Bazpur on pari passu basis.

### 8. Other Current Liabilities

Particulars	Rs. in Lacs	
	As At 31st March, 2013	As At 31st March, 2012
Current maturities of long term borrowing	679.86	400.88
Unpaid dividends	12.22	11.29
Advances from Customers	1,438.56	1,617.74
Other payables		
- Statuary Liabilities	409.21	674.31
- Other Payable*	3,068.56	3,493.71
<b>TOTAL</b>	<b>5,608.41</b>	<b>6,197.93</b>

\*Other payable includes credit balances of employees, expenses payable etc.

### 9. Short-Term Provisions

Particulars	Rs. in Lacs	
	As At 31st March, 2013	As At 31st March, 2012
Provision for Taxation	224.83	834.13
Proposed Dividend	197.88	197.88
Provision for Dividend Distribution Tax	33.63	32.10
<b>TOTAL</b>	<b>456.34</b>	<b>1,064.11</b>

## Notes to the Financial Statements

### 10. Fixed Assets

Rs. in Lacs

Particulars	Gross Block					Depreciation				Net Block	
	As at 01.04.2012	Additions	Sale during the year	Adjustment during the year	As at 31.03.2013	As at 01.04.2012	For the Year	On Deletions/ Adjustments	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012
<b>Tangible Assets</b>											
Land	10,152.70	905.74	–	–	11,058.44	–	–	–	–	11,058.44	10,152.70
Building - Factory	4,417.31	1,174.74	–	64.87	5,656.92	916.18	329.19	–	1,245.37	4,411.55	3,501.13
Building - Office	5,034.24	37.30	–	0.19	5,071.73	443.11	166.54	–	609.65	4,462.08	4,591.13
Plant & Machinery	4,055.15	1,272.74	49.12	56.15	5,334.92	813.66	486.11	13.16	1,286.61	4,048.31	3,241.49
Furniture & Fixtures	506.72	87.84	–	–	594.56	197.90	64.94	–	262.84	331.72	308.82
Office Equipment	131.13	79.03	–	–	210.16	51.48	18.65	–	70.13	140.03	79.65
Motor Vehicles	854.92	88.17	83.33	–	859.76	449.10	122.63	49.45	522.28	337.48	405.82
Computer	313.67	20.75	–	–	334.42	214.24	46.19	–	260.43	73.99	99.43
	<b>25,465.84</b>	<b>3,666.31</b>	<b>132.45</b>	<b>121.21</b>	<b>29,120.91</b>	<b>3,085.67</b>	<b>1,234.25</b>	<b>62.61</b>	<b>4,257.31</b>	<b>24,863.60</b>	<b>22,380.17</b>
Capital Work-in-Progress	529.85	1,584.14	1,162.24	1.02	952.77	–	–	–	–	952.77	529.85
	<b>25,995.69</b>	<b>5,250.45</b>	<b>1,294.69</b>	<b>122.23</b>	<b>30,073.68</b>	<b>3,085.67</b>	<b>1,234.25</b>	<b>62.61</b>	<b>4,257.31</b>	<b>25,816.37</b>	<b>22,910.02</b>
<b>Intangible Assets</b>											
Computer Software	473.65	69.80	–	–	543.45	213.41	119.91	–	333.32	210.13	260.24
Technical Know How	44.04	24.24	–	–	68.28	21.49	7.19	–	28.68	39.60	22.55
	<b>517.69</b>	<b>94.04</b>	<b>–</b>	<b>–</b>	<b>611.73</b>	<b>234.90</b>	<b>127.10</b>	<b>–</b>	<b>362.00</b>	<b>249.73</b>	<b>282.79</b>
<b>Total</b>	<b>26,513.38</b>	<b>5,344.49</b>	<b>1,294.69</b>	<b>122.23</b>	<b>30,685.41</b>	<b>3,320.57</b>	<b>1,361.35</b>	<b>62.61</b>	<b>4,619.31</b>	<b>26,066.10</b>	<b>23,192.81</b>
<b>Previous Year</b>	<b>17,785.65</b>	<b>8,887.76</b>	<b>434.00</b>	<b>273.97</b>	<b>26,513.38</b>	<b>2,249.71</b>	<b>1,133.12</b>	<b>62.26</b>	<b>3,320.57</b>	<b>23,192.81</b>	<b>15,535.94</b>

Notes:

- 1) Addition to gross block of Rs. 8,887.76 Lacs, in previous year, includes assets of Rs. 1,425.42 Lacs purchased in the scheme of amalgamation.
- 2) During the financial year ended on 31st March 2011, Land & Building was revalued by Rs. 5,697.05 Lacs on the basis of valuation carried out by an approved valuer.
- 3) Adjustment to the gross block of Rs. 122.23 Lacs ( Previous year Rs. 273.97 Lacs) is on account of foreign exchange fluctuation in the value of foreign currency loan taken to finance these assets.

### 11. Non-current Investments

Rs. in Lacs

Particulars	As At 31st March, 2013	As At 31st March, 2012
<b>Investment in Equity Instruments (Non quoted)</b>		
Wholly owned subsidiaries		
1000 Equity Shares of Euro 1 Each in Frested Ltd. Cyprus (at cost)	0.58	0.58
999,999 Equity Shares of Rs. 10 Each (Rs.1 per Equity Share paid up) in Action Developers Ltd (at cost)	10.00	10.00
<b>Other Investments</b>		
6 Year National Saving Certificates	0.60	0.60
Investment in Partnership Firm*	286.57	277.17
<b>TOTAL</b>	<b>297.75</b>	<b>288.35</b>

\* Company has 90% share in the partnership firm M/s Namo Metals & balance 10% share is held by Mrs. Mona Agarwal.



## Notes to the Financial Statements

### 12. Long-Term Loans and Advances

Rs. in Lacs

Particulars	As At 31st March, 2013	As At 31st March, 2012
<b>Unsecured Considered Good</b>		
Capital Advances	3,883.56	3,353.18
Loans and Advances to Related Parties		
- Frested Ltd	2,115.51	1,850.89
Other loans and advances		
- Advance Tax	1,083.61	1,328.63
- Advance to Employees	52.23	67.49
<b>TOTAL</b>	<b>7,134.91</b>	<b>6,600.19</b>

### 13. Other Non Current Assets

Rs. in Lacs

Particulars	As At 31st March, 2013	As At 31st March, 2012
Misc Expenditure to the extent not Written off	4.05	5.23
Non Current Fixed Deposits (Refer Note 17)	50.53	134.62
<b>TOTAL</b>	<b>54.58</b>	<b>139.85</b>

### 14. Current Investments

Rs. in Lacs

Particulars	As At 31st March, 2013	As At 31st March, 2012
2500000 (P.Y. 2500000) 759 Kotak FMP Series 98 - Growth of Rs. 10/- each	256.12	250.00
5524000 (P.Y. 5000000 - 6PGP-Reliance Fixed Horizon Fund XXXI Series 9) - Reliance Fixed Horizon Fund XXIII Series 4 - Growth Plan of Rs. 10/- each	552.40	505.16
2500000 (P.Y. Nil) -Reliance Fixed Horizon Fund XXII Series 35 - Growth Plan of Rs. 10/- each	254.90	-
2500000 (P.Y. Nil) 759 Kotak FMP Series 84 - Growth of Rs. 10/- each	275.19	-
<b>TOTAL</b>	<b>1,338.61</b>	<b>755.16</b>

### 15. Inventories (At lower of cost or net realisable value)

As Verified, Valued and Certified by the Management

Rs. in Lacs

Particulars	As At 31st March, 2013	As At 31st March, 2012
Raw material and Components	12,842.83	11,255.82
Work in progress	69.72	23.84
Finished Goods	1,072.32	1,894.80
Raw material in Transit	350.36	401.40
<b>TOTAL</b>	<b>14,335.23</b>	<b>13,575.86</b>

## Notes to the Financial Statements

### 16. Trade Receivables

Rs. in Lacs

Particulars	As At 31st March, 2013	As At 31st March, 2012
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, Considered Goods	1,246.40	967.75
Doubtful	-	-
	<b>1,246.40</b>	<b>967.75</b>
Less: Provisions for Doubtful Debts	-	-
	<b>1,246.40</b>	<b>967.75</b>
Others		
Unsecured, Considered Goods	7,087.60	7,587.38
<b>TOTAL</b>	<b>8,334.00</b>	<b>8,555.13</b>

### 17. Cash and Cash Equivalents

Rs. in Lacs

Particulars	As At 31st March, 2013	As At 31st March, 2012
Balance with Scheduled banks		
Current Account	29.32	105.01
Current Account - IPO	-	3.83
Unpaid Dividend Account	12.22	11.29
Cash in Hand	106.18	123.67
Fixed Deposit		
Fixed Deposit Receipts	1,559.06	1,890.67
Less : Fixed Deposit Receipts - having maturity over 12 months	50.53	134.62
Fixed deposits having maturity period with 12 months	<b>1,508.53</b>	<b>1,756.05</b>
<b>TOTAL</b>	<b>1,656.25</b>	<b>1,999.85</b>

### 18. Short Term Loans and Advances

Rs. in Lacs

Particulars	As At 31st March, 2013	As At 31st March, 2012
Balance with Excise Authorities	445.65	506.58
Sales tax Recoverable	121.97	116.91
Advance to Suppliers	1,928.66	3,054.59
Security Deposits	233.77	157.24
Others	185.65	284.43
<b>TOTAL</b>	<b>2,915.70</b>	<b>4,119.75</b>

## Notes to the Financial Statements

### 19. Revenue from Operations

Particulars	Rs. in Lacs	
	Year Ended 31st March, 2013	Year Ended 31st March, 2012
Sale of Products	69,279.77	87,867.55
Other Operating Revenues	676.74	793.82
	69,956.51	88,661.37
Less: Excise Duty	3,171.53	3,110.22
<b>TOTAL</b>	<b>66,784.98</b>	<b>85,551.15</b>

### Other Operating Revenues :

Particulars	Rs. in Lacs	
	Year Ended 31st March, 2013	Year Ended 31st March, 2012
Service Charges Received	467.73	407.72
Commission Received	42.94	323.71
Hiring Charges Received	160.59	54.12
Duty Draw Back Received	5.48	8.27
<b>TOTAL</b>	<b>676.74</b>	<b>793.82</b>

### 20. Other Income

Particulars	Rs. in Lacs	
	Year Ended 31st March, 2013	Year Ended 31st March, 2012
Interest Received	321.52	264.29
Rent Received	57.00	83.70
Profit on Sale of Assets	10.18	25.62
Revaluation Reserve Income	4.49	4.73
Return on Long Term Investment	83.45	56.16
Other Non-operating Income	61.26	19.81
<b>TOTAL</b>	<b>537.90</b>	<b>454.31</b>

### 21. Cost of Material Consumed

Particulars	Rs. in Lacs	
	Year Ended 31st March, 2013	Year Ended 31st March, 2012
Opening Stock	11,655.36	10,098.56
Add: Purchases (Net of Return)	49,031.67	65,610.88
	<b>60,687.03</b>	<b>75,709.44</b>
Less: Closing Stock	13,193.19	11,655.36
Less: Purchase of Stock-in-Trade	499.42	3,324.21
<b>TOTAL</b>	<b>46,994.42</b>	<b>60,729.87</b>

## Notes to the Financial Statements

### 22. Changes in inventories of Finished Goods, Work-in-Progress, Stock-in-Trade

Rs. in Lacs

Particulars	Year Ended 31st March, 2013	Year Ended 31st March, 2012
<b>Finished Goods</b>		
Opening Stock	1894.80	1,799.99
Closing Stock	1072.32	1,894.80
	<b>822.48</b>	<b>(94.81)</b>
<b>Work in Progress</b>		
Opening Stock	23.84	195.94
Closing Stock	69.72	23.84
	<b>(45.88)</b>	<b>172.10</b>
<b>TOTAL</b>	<b>776.60</b>	<b>77.29</b>

### 23. Employee Benefit Expenses

Rs. in Lacs

Particulars	Year Ended 31st March, 2013	Year Ended 31st March, 2012
Salaries, Wages & Bonus	4,023.40	3,579.68
Contribution to Provident and other Funds	155.22	174.95
Staff Welfare Expenses	236.92	323.66
Directors' Remuneration	452.90	373.10
<b>TOTAL</b>	<b>4,868.44</b>	<b>4,451.39</b>

### 24. Selling & Distribution Expenses

Rs. in Lacs

Particulars	Year Ended 31st March, 2013	Year Ended 31st March, 2012
Selling Expenses	1,673.17	1,653.87
Commission on Sales	548.79	748.57
<b>TOTAL</b>	<b>2,221.96</b>	<b>2,402.44</b>

### 25. Financial Cost

Rs. in Lacs

Particulars	Year Ended 31st March, 2013	Year Ended 31st March, 2012
Interest on Working Capital Facilities	742.86	517.66
Interest on Term Loans	81.27	59.29
Interest on Other Loans	221.14	157.76
<b>TOTAL</b>	<b>1,045.27</b>	<b>734.71</b>

## Notes to the Financial Statements

### 26. Other Expenses

		Rs. in Lacs	
Particulars	Year Ended 31st March, 2013	Year Ended 31st March, 2012	
<b>Manufacturing Expenses</b>			
Manufacturing Expenses	2,499.24	2,375.54	
Power & Fuel	411.08	339.94	
Repair & Maintenance			
- Plant & Machinery	163.79	173.93	
- Building	97.71	102.41	
Freight & Forwarding Charges	1,997.06	2,871.27	
<b>SUB TOTAL</b>	<b>5,168.88</b>	<b>5,863.09</b>	
<b>Other Administrative Expenses</b>			
Rent	171.50	131.52	
Rate Fees & Taxes	30.92	46.02	
Insurance	40.04	77.32	
Traveling & Conveyance	962.81	870.66	
Communication Expenses	150.11	168.19	
Auditor's Remuneration	9.18	15.51	
Vehicle Expenses	74.59	87.94	
Exchange Rate Difference (Net)	742.24	985.41	
Miscellaneous Expenses	1,100.91	1,071.26	
<b>TOTAL</b>	<b>8,451.18</b>	<b>9,316.92</b>	

### Auditor's Remuneration Includes

		Rs. in Lacs	
Particulars	Year Ended 31st March, 2013	Year Ended 31st March, 2012	
Audit Fee	7.75	6.85	
Taxation Matters & Certification	1.43	8.66	
<b>TOTAL</b>	<b>9.18</b>	<b>15.51</b>	

## Notes to the Financial Statements

### 27. Additional Notes to the Financial Statement

#### 27(A) Significant Accounting Policies

##### 1. System of Accounting:

The Financial Statement has been prepared to comply with the mandatory Accounting Standards issued by The Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statement has been prepared under the historical cost convention on accrual basis except in case of assets for which revaluation is carried out. The accounting policies have been consistently applied by the company unless otherwise stated.

##### 2. Fixed Assets:

All Fixed Assets are valued at historical costs less accumulated depreciation. Cost of assets comprise of purchase price and any attributable cost of bringing the asset to its working condition except in case of assets for which revaluation is carried out.

##### 3. Depreciation:

Depreciation has been provided using Written Down Value method as per rates prescribed by Schedule XIV of the Companies Act, 1956.

##### 4. Investments:

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost or fair value determined on an individual investment basis.

Long-term investments are carried at cost. However, provision made for diminution in the value of investments is made to recognise a decline other than temporary.

##### 5. Inventories:

a) **Raw material** - Lower of cost or net realisable value. However, materials and other items held for use in the production of finished goods are not written down below cost, if finished product in which they will be incorporated are expected to be sold at or above cost. Cost is determined on weighted average basis.

b) **Work in Progress and Finished Goods** - Lower of cost or net realisable value. Cost includes direct materials, labour and proportion of manufacturing overheads based on normal operating capacity. Cost is determined on a weighted average basis. Net Realisable value is the estimated selling price in ordinary course of business, less estimated costs necessary to make the sale.

##### 6. Revenue Recognition:

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and revenue can be reliably measured.

a) **Sale of Goods** : Revenue in respect of sale of products is recognised at the time of dispatch of the goods, when significant risks and rewards of ownership of the goods is passed to the buyers.

b) **Rendering of Services** : Revenue from service is recognised when the service is performed, as per the terms of contract, and the performance of service is regarding as achieved when no significant uncertainty exists regarding the amount of consideration that will be derived from rendering the services.

c) **Interest** : Revenue is recognised on a time proportion basis taking into account the amount outstanding and rate applicable.

d) **Insurance Claims** : Receivable on account of insurance are accounted for to the extent the Company is reasonably certain of their ultimate collection.

e) **Export Benefits** : Export benefits under Duty Drawback Scheme are accounted for in the year of Export of Goods.

##### 7. Foreign Currency Transactions:

a) **Initial recognition** : Foreign currency transactions are recorded in the reporting currency, by applying the foreign currency amount the exchange rate prevailing at the date of transaction.

b) **Conversion** : Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in foreign currency are reported using the exchange rates that existed when the value is determined.

c) **Exchange differences** : Exchange differences arising on reporting monetary items of company at the rate different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arises. However, exchange difference arising on reporting of "Long Term Foreign Currency Monetary Item (LTFCMI)" in so far as they relate to acquisition of capital assets are added to that assets and in other cases, such differences are accumulated in "Foreign Currency Monetary Item Translation Difference Account (FCMITDA)."



## Notes to the Financial Statements

### 27. Additional Notes to the Financial Statement (Contd.)

#### 8 Benefits to Employees:

##### a) Short term Employee Benefit:

All employees benefits payable within twelve months of rendering of the service are classified as short-term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, awards, ex gratia etc. and are recognised in the period in which the employee renders the related service.

##### b) Post Employment benefits:

###### (i) Defined Contribution Plans:

The Company's State government Provident Fund Scheme and Employee State Insurance Scheme are defined contribution plans. The contribution paid/ payable under the scheme is recognised during the period in which the employee renders the related service.

###### (ii) Defined Benefits Plans:

The employee's gratuity fund scheme, long term compensated absences are company's defined benefit plans. The present value of the obligation under such defined benefit plan is determined based on the actuarial valuation on the date of the balance sheet. Gratuity Liability is funded through a Group Gratuity Scheme with Life Insurance Corporation of India wherein contributions are made and charged to revenue on annual basis.

#### 9 Accounting for Taxes on Income:

Tax expense comprises of current and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years and has been accounted as per provisions of the Accounting Standard-22 issued by The Institute of Chartered Accountants of India.

#### 10 Impairment of Assets:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever carrying amount of an asset exceeds its recoverable value. The recoverable value is greater of the asset's net selling price or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

#### 11 Borrowing Costs:

Borrowing costs that are attributable to the acquisition and construction of an asset that necessarily takes substantial period of time to get ready for its intended use are capitalised as part of cost of respective assets. All other borrowing costs are recognised as an expense in the year in which they are incurred. Borrowing cost consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### 12 Expenditure during Construction Period:

In case of new projects/substantial expansions of existing factories, expenditure incurred, including trial production expenses net of revenue earned and attributable interest and financing costs prior to commencement of commercial production are capitalized.

#### 13 Provisions, Contingent Liabilities and Contingent Assets:

**Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if**

- a) the Company has a present obligation as a result of a past event;
- b) a probable outflow of resources is expected to settle the obligation and;
- c) the amount of obligation can be reliably estimated;

Reimbursements expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

**Contingent Liability is disclosed in case of**

- a) a present obligation arising from the past event, when it is not probable that an outflow of resources will be required to settle the obligation;
- b) a possible obligation, of which the probability of outflow of resources is remote.

**Contingent Assets are neither recognised nor disclosed.**

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

## Notes to the Financial Statements

### 27. Additional Notes to the Financial Statement (Contd.)

#### 27(B) Other Notes

1. The Board of Director's has recommended a dividend of Rs.0.20/- (10%) per Equity Share, subject to approval of the Share Holders in the forthcoming Annual General Meeting.
2. Out of Rs. 5,980 Lacs raised through IPO, all IPO proceeds have been utilised by company as at 31st Mar 2013.

**Details of monies utilized out of funds raised through IPO of the Company since raised as under:-**

Sr.No.	Particulars	Amount (Rs. In Lacs)
1.	New Manufacturing Plants	1,716.47
2.	Modernise and Expansion	135.16
3.	Acquisition	929.00
4.	Working Capital	2,263.14
5.	Corporate Office	532.56
6.	Issue Expenses	403.67
	<b>Total</b>	<b>5,980.00</b>

3. The Ministry of Science & Technology (Department of Scientific and Industrial Research) vide its letter no. TU/IVRD/3115/2010 dated 09.03.2011 and TU/IV-RD/3115/2012 dated 25.04.2012 has accorded the recognition as In-House R&D centres in the previous years. The expenditure incurred towards In-House Research & Development activity is as under:

Particulars	Rs. in Lacs	
	Year Ended 31st March, 2013	Year Ended 31st March, 2012
(a) Capital Expenditure	73.47	116.47
(b) Revenue Expenditure	848.57	726.81
<b>Total</b>	<b>922.04</b>	<b>843.28</b>

4. Consequent upon the sanctioning of Scheme of Amalgamation of Ace Steel Fab (P) Ltd w.e.f 1st Oct 2011 with the Company, figures of the company after the date of amalgamation also includes the figures of Ace Steel Fab Pvt Limited and therefore the figures for the financial year 2012-13 are not comparable with the corresponding year.
5. Miscellaneous Expense to the extent not written off, includes Life Time Club Membership, to be amortized over a period of ten years, commencing from 2007-08, in accordance with Accounting Standard 26 issued by The Institute of Chartered Accountants of India.
6. In absence of any information received from the vendors with regards to their registration (filing of Memorandum) under "The Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006)", liability at the close of the year cannot be ascertained and during the year no interest is paid to any such enterprises.

## Notes to the Financial Statements

### 27. Additional Notes to the Financial Statement (Contd.)

#### 7. Contingent Liabilities, not provided for:

Particulars	Rs. in Lacs	
	Year Ended 31st March, 2013	Year Ended 31st March, 2012
Bank Guarantees	898.31	799.98
Letter of Credits	1,897.24	2,614.34
Claim against the Company, not acknowledge as Debts	697.07	478.19
Sales Tax, Excise & Income Tax Matters, pending before Assessing / Appellate Authorities	3,980.85	3,201.49
<b>Total</b>	<b>7,473.47</b>	<b>7,094.00</b>

**Capital Commitment:** Estimated amount of contracts pending to be executed on capital account and not provided for is Rs. 619 lacs in the current year.

#### 8. a) Remuneration paid to Whole-time Directors:

S. No.	Names of the Directors	Salary & Allowances	Contribution to PF, Gratuity and Other Funds	Rs. in Lacs	
				Other Benefits and Perquisites	TOTAL
1.	Sh. Vijay Agarwal, Chairman & Managing Director	252.00	–	15.40	267.40
2.	Smt. Mona Agarwal, Wholetime Director	126.00	–	9.62	135.62
3.	Sh. Sorab Agarwal, Executive Director	33.60	–	2.40	36.00
4.	Smt. Surbhi Garg, Executive Director	16.80	–	–	16.80
<b>TOTAL</b>		<b>428.40</b>	–	<b>27.42</b>	<b>455.82</b>

b) The above mentioned remuneration of Rs.455.82 Lacs is in excess of Maximum permissible remuneration as determined under Schedule XIII of the Companies Act, 1956. However the company has filed an application with the Central Government on dated 14th March 2013 for grant of approval for payment of same remuneration as paid in past to Mr. Vijay Agarwal, Chairman & Managing Director and Mrs. Mona Agarwal, Whole time Director of the Company. Pending approval from the government, management has taken confirmation from both the directors that they shall refund the excess remuneration in the event of refusal of such approval.

## Notes to the Financial Statements

### 27. Additional Notes to the Financial Statement (Contd.)

9. Segment Reporting in terms of Accounting Standard -17 - issued by The Institute of Chartered Accountants of India.

Information about the primary business segments of the Company:

		Rs. in Lacs	
Particulars	Year Ended 31st March, 2013	Year Ended 31st March, 2012	
1. Segment Revenue			
A) Cranes	39,229.84	57,969.43	
B) Material Handling/Construction Equipment	10,840.54	12,891.19	
C) Agri Equipment	16,037.85	13,896.71	
<b>TOTAL</b>	<b>66,108.23</b>	<b>84,757.33</b>	
Less: Inter Segment Revenue	—	—	
Net Sales / Income from Operations	<b>66,108.23</b>	<b>84,757.33</b>	
2. Segment Results			
A) Cranes	2,030.68	4,158.78	
B) Material Handling/Construction Equipment	(106.28)	460.29	
C) Agri Equipment	1,453.03	890.09	
<b>TOTAL</b>	<b>3,377.43</b>	<b>5,509.16</b>	
Less: Interest	1,045.27	734.70	
Less Other Unallocable Expenditure	1,227.92	938.94	
<b>Profit Before Tax</b>	<b>1,104.24</b>	<b>3,835.52</b>	
3. Capital Employed			
A) Cranes	34,256.30	31,643.09	
B) Material Handling/Construction Equipment	5,730.45	6,324.50	
C) Agri Equipment	232.91	556.64	
<b>TOTAL</b>	<b>40,219.66</b>	<b>38,524.23</b>	

10. As per Accounting Standard 18, "Related Party Disclosure" issued by The Institute of Chartered Accountants of India, the disclosures of transactions with the Related Parties as defined in the Accounting Standard are given below.

**a. Associate Companies / Entities**

ACE Steelfab Pvt. Ltd. (Upto 30.09.2011)  
ACE TC Rentals Pvt. Ltd.  
Namo Metals  
VMS Holdings Pvt. Ltd.  
VMS Equipment

**b. Subsidiary Companies**

FRESTED Limited, Cyprus - Wholly Owned Subsidiary  
SC FORMA SA, Romania - Fellow Subsidiary  
Action Developers Ltd., India - Wholly Owned Subsidiary

**c. Key Management Personnel**

Sh. Vijay Agarwal  
Smt. Mona Agarwal  
Sh. Sorab Agarwal  
Smt. Surbhi Garg

**d. Relatives of Key Management Personnel and Enterprises, over which Relatives of Key Management Personnel exercise significant influence**

N.A.

# Notes to the Financial Statements

## 27. Additional Notes to the Financial Statement (Contd.)

### e. Related Party Transactions

(Rs. in Lacs)

Nature of Transaction	Period	Associates Companies/Firm				Subsidiary Company	Key Management Personnel	Total
		ACE Steelfab Pvt Ltd.*	ACE TC Rentals Pvt Ltd.	Namo Metals	VMS Equipment			
Purchase of Goods	2012-13	-	-	-	-	-	-	-
	2011-12	5,091.38	-	-	-	-	-	5,091.38
Sales of Goods	2012-13	-	945.57	-	484.84	-	-	1,430.41
	2011-12	46.15	623.87	-	-	-	-	670.02
Remuneration Paid	2012-13	-	-	-	-	-	455.82	455.82
	2011-12	-	-	-	-	-	376.60	376.60
Licence Fee Paid	2012-13	-	-	-	-	-	54.78	54.78
	2011-12	-	-	-	-	-	49.80	49.80
Rent Received	2012-13	-	0.96	-	-	-	-	0.96
	2011-12	1.20	0.96	-	-	-	-	2.16
Interest Received	2012-13	-	-	-	-	147.65	-	147.65
	2011-12	57.56	-	-	-	-	-	57.56
Investment in Equity	2012-13	-	-	9.40	-	-	-	9.40
	2011-12	-	-	23.16	-	-	-	23.16
Loan to Subsidiary	2012-13	-	-	-	-	116.97	-	116.97
	2011-12	-	-	-	-	184.34	-	184.34

\* Figures for the year 2011-12 are only upto the date of amalgamation (30.09.2011).

### 11. Disclosure as required by clause 32 of the listing agreement:

(Rs. in Lacs)

Particulars	Amount at the end of Financial Year		Maximum amount outstanding during the Financial Year	
	2012-13	2011-12	2012-13	2011-12
1. Loan and Advances in the nature of loans:				
a. To Subsidiary Companies :				
FRESTED LIMITED, CYPRUS	2,115.51	1,850.89	2,115.51	1,850.89
SC FORMA SA, ROMANIA	-	-	-	-
ACTION DEVELOPERS LTD., INDIA	-	-	-	-
b. To Companies in which Directors are interested				
FRESTED LIMITED, CYPRUS				
c. Where there is no repayment schedule or repayment beyond seven years or no interest or interest below Section 372A of Companies Act, 1956				
2. Investment by the Subsidiary Companies in the shares of Action Construction Equipment Ltd.	NIL	NIL	NIL	NIL

## Notes to the Financial Statements

### 27. Additional Notes to the Financial Statement (Contd.)

12. The Company has entered into agreements in the nature of Lease/ Leave and Licence agreement with different Lessors/ Licensors for the purpose of establishment of office premises/ residential accommodations. These are generally in nature of operating Lease/leave and Licence and disclosure required as per Accounting Standard-19 issued by The Institute of Chartered Accountants of India with regard to the above is as under-

a) Particulars	(Rs. in Lacs)	
	Minimum Lease Payments	
	2012-13	2011-12
Payable within one year	100.08	131.97
Payable after one year but within 5 years	66.29	168.98

b) There are no transactions in the nature of Sub Lease.

c) Payments recognised in the Statement of Profit & Loss for the year ended 31st March, 2013 is Rs.171.50 Lacs (P.Y. Rs.131.52 Lacs).

13. Disclosure pursuant to Accounting Standard -15 (Revised), issued by The Institute of Chartered Accountants of India  
EMPLOYEE BENEFITS

a) Expenses recognised in the Statement of Profit & Loss	(Rs. in Lacs)	
Particulars	2012-13	2011-12
a) Current Service Cost	50.30	44.07
b) Interest Cost	12.39	8.72
c) Employee Contribution	-	-
d) Actuarial (Gain)/Loss	(5.98)	13.47
e) Past Service Cost	-	-
g) Settlement Cost	(14.77)	(12.29)
<b>Total Expenses, debited to P &amp; L Account</b>	<b>41.94</b>	<b>53.97</b>

b) Net Asset/(Liability) recognised in the Balance Sheet as at 31st March, 2013	(Rs. in Lacs)	
Particulars	2012-13	2011-12
a) Present Value of defined Benefit Obligation at the end of the year	198.19	160.40
b) Fair Market Value of Plan Assets with LIC at the end of the year	167.56	166.27
<b>Net Asset/(Liability)</b>	<b>(30.63)</b>	<b>5.87</b>

c) Change in the obligation during the year	(Rs. in Lacs)	
Particulars	2012-13	2011-12
a) Present Value of Defined benefit obligation at the beginning of the year	160.40	102.88
b) Current Service Cost	50.30	44.07
c) Interest Cost	12.39	8.72
d) Settlement Cost	-	-
e) Actuarial (Gain)/Loss	(6.20)	11.13
f) Benefit Payment	(18.70)	(6.40)
<b>Present Value of Defined benefit obligation at the end of the year</b>	<b>198.19</b>	<b>160.40</b>



## Notes to the Financial Statements

### 27. Additional Notes to the Financial Statement (Contd.)

#### d) Change in the Assets during the year ended March 31, 2013

(Rs. in Lacs)

Particulars	2012-13	2011-12
a) Plan assets at the beginning of the year	166.27	109.35
b) Actuarial (Gain)/Loss	(0.22)	(2.34)
c) Contribution	1.86	53.38
d) Benefit Payment	(15.11)	(6.40)
e) Return on the Plan Assets	14.76	12.28
<b>Plan assets at the end of the year</b>	<b>167.56</b>	<b>166.27</b>

#### e) Actuarial Assumption

a) Discounted Rate	8.20% p.a.
b) Mortality Rate	IAL (2006-08) Ultimate
c) Withdrawal Rate	1% to 3% depending on Age.
d) Salary Escalation	11.00%
e) Retirement Age	58

Liability in respect of unavailed privileged leave was hitherto valued at the salary rates prevailing on the balance sheet date. During the year, the company has valued the compensated absences, specified in AS 15 (Revised) on actuarial basis. Further para 132 of AS 15 (Revised 2005) does not require any specific disclosure except where the expense resulting from compensated absences is of such size, nature of incidence that its disclosure is relevant under other accounting standards. In the opinion of the management, the expense resulting from compensated absences is not significant and hence no disclosures are prepared under various paragraphs of AS 15 (Revised 2005).

#### 14. CIF Value of Imports

(Rs. in Lacs)

Particulars	2012-13	2011-12
Raw Materials, Spare Parts & Finished Products	<b>12,756.36</b>	<b>15,277.34</b>

#### 15. I) Capacity & Production:

Particulars	Unit	Licensed Capacity		Installed Capacity		Production No. of Equipment	
		2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
a) Cranes	Nos.	N.A	N.A	7,500	7,500	2,726	4,250
b) Material Handling/ Construction Equipment	Nos.	N.A	N.A	1,300	1,300	850	1,186
c) Agri Equipment	Nos.	N.A	N.A	6,000	6,000	3,749	3,699
<b>Total</b>				<b>14,800</b>	<b>14,800</b>	<b>7,325</b>	<b>9,135</b>

## Notes to the Financial Statements

### 27. Additional Notes to the Financial Statement (Contd.)

#### II) Turnover

Particulars	2012-13		2011-12	
	Qty. in Nos.	Rs. in Lacs	Qty. in Nos.	Rs. in Lacs
a) Cranes	2751	39,229.84	4313	57,969.43
b) Material Handling / Construction Equipment	871	10,840.54	1159	12,891.19
c) Agri Equipment	3821	16,037.85	3687	13,896.71
d) Excise Duty		3,171.53		3,110.22
<b>Total</b>	<b>7443</b>	<b>69,279.76</b>	<b>9159</b>	<b>87,867.55</b>

#### 16. Details of Raw Material Consumed:

S.No.	Items	Qty. in Nos.		Value (Rs. in Lacs)	
		2012-13	2011-12	2012-13	2011-12
1	Engine	6623	8312	5,746.78	6,831.75
2	Others			41,747.06	57,222.33
<b>Total</b>				<b>47,493.84</b>	<b>64,054.08</b>

#### 17. Raw Material Consumed - Imported & Indigenous:

(Rs. in Lacs)

Particulars	2012-13		2011-12	
	Value	%age	Value	%age
Imported	10,591.16	22%	12,267.78	19%
Indigenous	36,902.68	78%	51,786.30	81%
<b>Total</b>	<b>47,493.84</b>	<b>100%</b>	<b>64,054.08</b>	<b>100%</b>

#### 18. Earning in Foreign Exchange:

(Rs. in Lacs)

Particulars	2012-13	2011-12
Export of Goods (F.O.B. Value)	1,059.37	2,203.71
Commission Received	42.94	307.08
<b>Total</b>	<b>1,102.31</b>	<b>2,510.79</b>

#### 19. Expenditure in Foreign Currency:

(Rs. in Lacs)

Particulars	2012-13	2011-12
Foreign Traveling Expenses	62.50	41.77
Subscription	—	0.96
Sales Promotion	3.70	0.32
Freight	288.13	609.85
Retainership	25.19	26.84
Interest on ECB Loan/Buyers Credit	81.27	137.70
<b>Total</b>	<b>460.79</b>	<b>817.44</b>

# Notes to the Financial Statements

## 27. Additional Notes to the Financial Statement (Contd.)

### 20. Earning Per Share (Basic & Diluted):

EPS is calculated by dividing the profit attributable to the equity shareholders by weighted average number of equity shares outstanding during the year. Numbers used for calculating basic & diluted earnings per equity share are as stated below:

Particulars	2012-13	2011-12
Profit attributable to Equity Shareholders of the Company - (Rs in Lacs)	721.39	2,846.96
Weighted average no. of Equity Shares of Rs. 2 each (Basic)	9,89,40,000	9,59,12,500
Weighted average no. of Equity Shares of Rs. 2 each (Diluted)	9,89,40,000	9,59,12,500
EPS (In Rupees)- Basic	0.73	2.97
EPS (In Rupees)- Diluted	0.73	2.97

21. Balance of some of Sundry Debtors, Sundry Creditors and Loans & Advances are subject to confirmation and reconciliation by the parties and adjustment, if any, required on reconciliation, will be done in the year in which the same is reconciled. Further, Management does not expect any material difference in the Financial Statements for the year.
22. The Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard (AS-3) issued by The Institute of Chartered Accountants of India.
23. Previous years figures have been regrouped to make them comparable with current year figures wherever necessary.
24. Notes 1 to 27 form integral part of the accounts and are duly authenticated.

In terms of our report of even date  
For Rajan Chhabra & Co.  
Chartered Accountants  
Firm Registration No. 009520N

RAJAN CHHABRA  
Partner  
Membership No. 088276

Place : Faridabad  
Date : 25<sup>th</sup> May, 2013

For and on behalf of the Board of Directors

Vijay Agarwal  
Chairman & Managing Director

Subhash Chander Verma  
Independent Director

Rajan Luthra  
CFO & Company Secretary

Sorab Agarwal  
Executive Director

## Auditor's Report to the Members

### Report on the Financial Statements

We have audited the accompanying Consolidated financial statements of Action Construction Equipment Limited ("the Company"), which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Basis for Qualified Opinion

We have not audited the financial statements of foreign subsidiaries namely FRESTED LIMITED, CYPRUS and SC FORMA, SA, ROMANIA whose financial statements reflect total assets of Rs.151.74 lacs and Rs.487.94 lacs as at March 31, 2013, total Revenue/(Expenditure) of Rs.NIL/(152.50) lacs and Rs 123.07 lacs / (82.17) lacs respectively and Cash inflows/(outflows) Rs.0.26 lacs/(Rs.0.50) lacs and Rs.49.85 lacs/(41.43) lacs respectively for the year ended on March 31, 2013 respectively. These statements have been audited by other auditors and our report in so far as it relates to the amounts included in respect of the subsidiaries is based solely on these statements submitted to us by the management.

### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Consolidated Balance Sheet, of the state of affairs of the group as at March 31, 2013;
- b) in the case of the Consolidated Statement of Profit and Loss, of the profit/ loss of the group for the year ended on that date; and
- c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the group for the year ended on that date.

For Rajan Chhabra & Co.  
Chartered Accountants  
Firm Registration No. 009520N

**Rajan Chhabra**  
**Partner**  
**Membership No.088276**

Place: Faridabad  
Date : 25<sup>th</sup> May, 2013

## Consolidated Balance Sheet as at 31st March, 2013

		Rs. in Lacs	
Particulars	Notes	As at 31st March, 2013	As at 31st March, 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders Funds</b>			
Share Capital	1	1,978.80	1,978.80
Reserves and Surplus	2	26,576.76	26,119.22
Minority Interest		30.57	29.57
		<b>28,586.13</b>	<b>28,127.59</b>
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	3	2,323.80	2,451.17
Deferred Tax Liabilities (Net)	4	450.08	292.06
Other Long Term Liabilities	5	236.79	174.00
Long Term Provisions	6	134.65	167.60
		<b>3,145.32</b>	<b>3,084.83</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	7	12,617.63	11,655.80
Trade Payables		10,305.64	7,782.50
Other Current Liabilities	8	5,630.55	6,270.62
Short-Term Provisions	9	456.34	1,064.11
		<b>29,010.16</b>	<b>26,773.03</b>
<b>TOTAL</b>		<b>60,741.61</b>	<b>57,985.45</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>	10		
Tangible Assets		25,235.70	22,645.59
Intangible Assets		480.26	513.32
Capital Work in Progress		1,151.95	718.56
		<b>26,867.91</b>	<b>23,877.47</b>
Non-Current Investments	11	0.60	0.60
Long term Loans and Advances	12	5,019.40	4,751.81
Other Non-Current Assets	13	65.82	150.78
		<b>5,085.82</b>	<b>4,903.19</b>
<b>Current Assets</b>			
Current Investments	14	1,338.61	755.16
Inventories	15	14,501.45	13,743.63
Trade Receivables	16	8,348.34	8,565.87
Cash and Cash Equivalents	17	1,680.40	2,015.70
Short-term Loans and Advances	18	2,919.08	4,124.43
		<b>28,787.88</b>	<b>29,204.79</b>
<b>TOTAL</b>		<b>60,741.61</b>	<b>57,985.45</b>
<b>Additional Notes to the Financial Statements</b> 27			
<b>The accompanying Notes are an integral part of Financial Statements.</b>			
In terms of our report of even date For RAJAN CHHABRA & CO. Chartered Accountants Firm Registration No. 009520N		For and on behalf of the Board of Directors	
RAJAN CHHABRA Partner Membership No. 088276		Vijay Agarwal Chairman & Managing Director	
Place : Faridabad Date : 25 <sup>th</sup> May, 2013		Subhash Chander Verma Independent Director	
Rajan Luthra CFO & Company Secretary		Sorab Agarwal Executive Director	

## Consolidated Statement of Profit & Loss for the Year Ended 31st March, 2013

Rs. in Lacs			
Particulars	Notes	Year Ended 31st March, 2013	Year Ended 31st March, 2012
Revenue from Operations (Net)	19	66840.30	85683.90
Other Income	20	457.99	454.47
<b>Total Revenue</b>		<b>67298.29</b>	<b>86138.37</b>
<b>Expenses</b>			
Cost of Materials Consumed	21	47006.82	60666.93
Purchase of Stock-in-Trade		499.42	3324.21
Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	22	776.60	145.32
Employee Benefit Expenses	23	4876.26	4465.13
Selling & Distribution Expenses	24	2222.06	2402.46
Financial Costs	25	1045.27	734.71
Depreciation and Amortization Expenses		1364.63	1313.16
Other Expenses	26	8515.23	9400.48
<b>Total Expenses</b>		<b>66306.29</b>	<b>82452.40</b>
<b>Profit Before tax</b>		<b>992.00</b>	<b>3685.97</b>
<b>Tax Expense</b>			
Current tax		224.83	834.13
Deferred tax		158.02	154.42
<b>Profit after Tax before Minority Interest &amp; Share in Result of Associates</b>		<b>609.15</b>	<b>2697.42</b>
Minority Interest		131.26	135.55
Share of Loss of Associates		–	0.06
<b>Profit for the year</b>		<b>740.41</b>	<b>2833.03</b>
Earning per equity share (Face Value Rs 2.00 each)			
Basic (Rs.)		0.62	2.81
Diluted (Rs.)		0.62	2.81
<b>Additional Notes to the Financial Statements</b>			
<b>27</b>			
<b>The accompanying Notes are an integral part of Financial Statements.</b>			
In terms of our report of even date For RAJAN CHHABRA & CO. Chartered Accountants Firm Registration No. 009520N		For and on behalf of the Board of Directors	
RAJAN CHHABRA Partner Membership No. 088276		Vijay Agarwal Chairman & Managing Director	
Place : Faridabad Date : 25 <sup>th</sup> May, 2013		Subhash Chander Verma Independent Director	
Rajan Luthra CFO & Company Secretary		Sorab Agarwal Executive Director	



## Consolidated Cash Flow Statement for the year ended 31st March, 2013

Rs. in Lacs

Particulars	Year Ended 31st March, 2013	Year Ended 31st March, 2012
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit Before Tax as per Statement of Profit &amp; Loss</b>	<b>992.00</b>	<b>3,685.97</b>
<b>Adjustments For :</b>		
Interest Expenses	1,045.27	734.71
Depreciation and Amortisation Expense	1,364.63	1,313.16
Interest Income	(173.86)	(264.34)
Profit on Sale of Fixed Assets	(10.18)	(25.62)
Loss on Sale of Fixed Assets	2.60	4.23
Foreign Currency Translation Reserve	(98.14)	(78.01)
Miscellaneous Expenses written off	0.89	2.09
<b>Operating Profit Before Working Capital Changes</b>	<b>3,123.21</b>	<b>5,372.19</b>
<b>Adjustments For :</b>		
Trade & Other Receivable	217.53	(105.41)
Inventories	(757.82)	(564.82)
Trade Payable	1,606.06	(2,925.30)
Loans & Advances	720.66	1,267.98
Provision of Income Tax & Wealth Tax for earlier year adj.	(99.28)	–
<b>Cash generated from Operations</b>	<b>4,810.36</b>	<b>3,044.64</b>
Direct Taxes Paid	(489.84)	(1,527.78)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>4,320.52</b>	<b>1,516.86</b>
<b>B) CASH FLOW FROM INVESTMENT ACTIVITIES:</b>		
Purchase of Fixed Assets Including CWIP	(4,315.03)	(7,492.73)
Sale of Fixed Assets	145.51	256.37
Purchase of Investments	(583.45)	(255.16)
Interest Income	173.86	264.34
Change in Minority Interest	1.00	(0.99)
<b>NET CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>(4,578.11)</b>	<b>(7,228.17)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds From Secured Loans	1,113.45	7,205.93
Interest Paid	(1,045.27)	(734.71)
Dividend & Tax thereon	(229.98)	(1,079.53)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(161.80)</b>	<b>5,391.69</b>
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>(419.39)</b>	<b>(319.62)</b>
<b>OPENING BALANCE OF CASH &amp; CASH EQUIVALENTS</b>	<b>2,150.32</b>	<b>2,464.85</b>
<b>BALANCE OF CASH &amp; CASH EQUIVALENTS OF AMALGAMATING CO.</b>	<b>–</b>	<b>5.09</b>
<b>CLOSING BALANCE OF CASH &amp; CASH EQUIVALENTS</b>	<b>1,730.93</b>	<b>2,150.32</b>

### Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method"

2. Cash and Cash equivalents consists of Cash in hand and balances with banks

**The accompanying Notes are an integral part of Financial Statements.**

In terms of our report of even date

For RAJAN CHHABRA & CO.

Chartered Accountants

Firm Registration No. 009520N

RAJAN CHHABRA

Partner

Membership No. 088276

Place : Faridabad

Date : 25<sup>th</sup> May, 2013

Rajan Luthra

CFO & Company Secretary

For and on behalf of the Board of Directors

Vijay Agarwal  
Chairman & Managing Director

Subhash Chander Verma  
Independent Director

Sorab Agarwal  
Executive Director

## Notes to the Consolidated Financial Statement

### 1. Share Capital

Particulars	As at 31st March, 2013 (No. of Shares)	As at 31st March, 2013 (Rs. in Lacs)	As at 31st March, 2012 (No. of Shares)	As at 31st March, 2012 (Rs. in Lacs)
<b>AUTHORISED CAPITAL</b>				
Equity Shares of Rs. 2/- each	12,25,00,000	2,450.00	12,25,00,000	2,450.00
<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>				
Equity Shares of Rs. 2/- each, fully paid	9,89,40,000	1,978.80	9,89,40,000	1,978.80
<b>A) Reconciliation of number of Shares outstanding</b>				
At the beginning of the year	9,89,40,000	1,978.80	9,28,85,000	1,857.70
Add: Shares issued to the shareholders of amalgamating Company	-	-	60,55,000	121.10
<b>At the end of the year</b>	<b>9,89,40,000</b>	<b>1,978.80</b>	<b>9,89,40,000</b>	<b>1,978.80</b>

### B) Shareholders holding more than 5% of the Equity Shares in the Company

Particulars	As at 31st March, 2013 (No. of Shares)	As at 31st March, 2013 (%age)	As at 31st March, 2012 (No. of Shares)	As at 31st March, 2012 (%age)
Mr. Vijay Agarwal / Mrs. Mona Agarwal	3,39,88,707	34.35%	3,39,18,707	34.28%
Mrs. Mona Agarwal / Mr. Vijay Agarwal	2,65,86,328	26.87%	2,63,43,650	26.62%

### C) Rights, preferences and restrictions attached to the Equity Shares

The Equity Shares of the Company, having par value of Rs. 2.00 per share, rank pari passu in all respects including voting rights and entitlement to dividend.

# Notes to the Consolidated Financial Statement

## 2. RESERVES AND SURPLUS

Rs. in Lacs

Particulars	As At		As At	
	31st March, 2013		31st March, 2012	
<b>Capital Reserves</b>				
At the beginning of the year	571.96		-	
Add: Forfeiture of money received against share warrants	-		518.13	
Add: Profit on sale of Land	-		53.83	
At the end of year		571.96		571.96
<b>Revaluation Reserve</b>				
At the beginning of the year	6,055.07		6,155.90	
Less: Depreciation	4.49		4.73	
Less: Adjustment under the scheme of Amalgamation	-		96.10	
<b>At the end of the year</b>		<b>6,050.58</b>		6,055.07
<b>Securities Premium Account</b>				
At the beginning of the year	8,532.73		8,532.73	
Add: Addition during the year	-		-	
<b>At the end of the year</b>		<b>8,532.73</b>		8,532.73
<b>Foreign Currency Translation Reserve</b>				
At the beginning of the year	(266.56)		(63.62)	
Add: Translation of foreign currency loans	(22.48)		(202.94)	
Less: Transferred to Statement of Profit & Loss	24.39		-	
<b>At the end of the year</b>		<b>(313.43)</b>		(266.56)
<b>General Reserves</b>				
At the beginning of the year	8,515.00		7,500.00	
Add: Balance of Amalgamating Company	-		15.00	
Add: Transfer from Surplus in Statement of Profit & Loss	200.00		1,000.00	
<b>At the end of the year</b>		<b>8,715.00</b>		8,515.00
<b>Surplus in Statement on Profit &amp; Loss</b>				
At the beginning of the year	2,711.02		1,041.57	
Add: Balance of Amalgamating Company	-		66.40	
Add: Profit for the year	740.41		2,833.03	
Less: Appropriation of profit				
Proposed Dividend	197.88		197.88	
Tax on Dividend	33.63		32.10	
Transfer to General Reserve	200.00		1,000.00	
<b>At the end of the year</b>		<b>3,019.92</b>		2,711.02
<b>TOTAL</b>		<b>26,576.76</b>		<b>26,119.22</b>

## Notes to the Consolidated Financial Statement

### 3. Long Term Borrowings

Particulars	Rs. in Lacs	
	As At 31st March, 2013	As At 31st March, 2012
<b>Secured</b>		
Term loans from Banks		
Foreign Currency Loan	2,056.60	2,302.05
Rupee Term Loan	947.06	550.00
	<b>3,003.66</b>	<b>2,852.05</b>
Less: Current Maturity of Long Term Borrowings	679.86	400.88
<b>TOTAL</b>	<b>2,323.80</b>	<b>2,451.17</b>

#### Terms of Repayment

- Foreign Currency Loan - Repayable in 16 equal instalments of USD 156250 & USD 125000 each, starting after 15 months from the date of disbursement 30th Jun 2011 & 1st Sep 2011 respectively with interest rate of USD LIBOR + 2.65%.
- Rupee Loan - Repayable in 118 equated monthly instalments, (including interest @10.75%) from 10.04.2012.

#### Security Offered

- (i) Exclusive Charge on assets financed out of this Loan.
- (ii) Exclusive Charge on Immovable assets at industrial unit at Plant IV, Prithla Dhatir Road, Village Dudholla, Palwal.
- Exclusive Charge on the assets financed out of this loan.

### 4. Deferred Tax Liabilities (Net)

Particulars	Rs. in Lacs	
	As At 31st March, 2013	As At 31st March, 2012
<b>Deferred Tax Liability</b>		
Difference between Book and Tax depreciation	486.60	547.47
Add: Deferred Tax Liability of Amalgamating Company	-	29.65
	<b>486.60</b>	<b>577.12</b>
<b>Deferred Tax Assets</b>		
Expenditure disallowed U/s 43B	50.92	71.01
Expenditure deductible on Payment Basis	(14.40)	214.05
	<b>36.52</b>	<b>285.06</b>
<b>TOTAL</b>	<b>450.08</b>	<b>292.06</b>

### 5. Other Long Term Liabilities

Particulars	Rs. in Lacs	
	As At 31st March, 2013	As At 31st March, 2012
Security Deposits	236.79	174.00
<b>TOTAL</b>	<b>236.79</b>	<b>174.00</b>

### 6. Long Term Provisions

Particulars	Rs. in Lacs	
	As At 31st March, 2013	As At 31st March, 2012
Provision for Employee Benefits	134.65	167.60
<b>TOTAL</b>	<b>134.65</b>	<b>167.60</b>

## Notes to the Consolidated Financial Statement

### 7. Short Term Borrowings

Particulars	Rs. in Lacs	
	As At 31st March, 2013	As At 31st March, 2012
<b>Secured Loans from Banks</b>		
Cash Credit	1,144.73	872.57
Buyers Credit	7,422.90	8,283.23
Working Capital Demand Loan	4,050.00	500.00
	<b>12,617.63</b>	<b>9,655.80</b>
<b>Unsecured Loans</b>		
Commercial Papers	–	2,000.00
<b>TOTAL</b>	<b>12,617.63</b>	<b>11,655.80</b>

All Credit Facilities from Banks are secured by way of hypothecation of the Company's entire inventory and such other movable including book-debts, bills whether documentary or clean, outstanding monies, receivables, both present & future and Plant & Machinery (Except Plant & Machinery financed out of foreign currency loan) on pari passu basis and First charge by way of equitable mortgage of property situated at Bazpur on pari passu basis.

### 8. Other Current Liabilities

Particulars	Rs. in Lacs	
	As At 31st March, 2013	As At 31st March, 2012
Current maturities of long term debts	679.86	400.88
Unpaid dividends	12.22	11.29
Advance from Customers	1,438.56	1,617.74
Other payables		
- Statuary Liabilities	418.43	674.31
- Expenses Payable*	3,081.48	3,566.40
<b>TOTAL</b>	<b>5,630.55</b>	<b>6,270.62</b>

\*Other payable include credit balances of employees, expenses payable etc.

### 9. Short Term Provisions

Particulars	Rs. in Lacs	
	As At 31st March, 2013	As At 31st March, 2012
Provision for Taxation	224.83	834.13
Proposed Dividend	197.88	197.88
Provision for Dividend Distribution Tax	33.63	32.10
<b>TOTAL</b>	<b>456.34</b>	<b>1,064.11</b>

## Notes to the Consolidated Financial Statement

### 10. Fixed Assets

Rs. in Lacs

Particulars	Gross Block					Depreciation				Net Block	
	As at 01.04.2012	Additions	Sale during the year	Adjustment during the year	As at 31.03.2013	As at 01.04.2012	For the Year	On Deletions/ Adjustments	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012
<b>Tangible Assets</b>											
Land	10,350.50	905.74	0.82		11,255.42					11,255.42	10,350.50
Building - Factory	5,735.01	1,174.74	199.82	64.87	6,774.80	2,187.34	329.19	310.60	2,205.93	4,568.87	3,547.66
Building - Office	5,052.40	37.30		0.19	5,089.89	443.49	166.54		610.03	4,479.86	4,608.92
Plant & Machinery	4,582.67	1,272.74	49.12	56.15	5,862.44	1,337.88	489.39	13.16	1,814.11	4,048.33	3,244.80
Furniture & Fixtures	506.88	87.84			594.72	198.06	64.94		263.00	331.72	308.82
Office Equipment	131.13	79.03			210.16	51.48	18.65		70.13	140.03	79.65
Motor Vehicles	869.83	88.17	83.33		874.67	464.01	122.63	49.45	537.19	337.48	405.81
Computer	320.02	20.75			340.77	220.59	46.19		266.78	73.99	99.43
	<b>27,548.44</b>	<b>3,666.31</b>	<b>333.09</b>	<b>121.21</b>	<b>31,002.87</b>	<b>4,902.85</b>	<b>1,237.53</b>	<b>373.21</b>	<b>5,767.17</b>	<b>25,235.70</b>	<b>22,645.59</b>
Capital Work-in-Progress	718.56	1,594.61	1,162.24	1.02	1,151.95					1,151.95	718.56
	<b>28,267.00</b>	<b>5,260.92</b>	<b>1,495.33</b>	<b>122.23</b>	<b>32,154.82</b>	<b>4,902.85</b>	<b>1,237.53</b>	<b>373.21</b>	<b>5,767.17</b>	<b>26,387.65</b>	<b>23,364.15</b>
<b>Intangible Assets</b>											
Computer Software	473.65	69.80			543.45	213.41	119.91		333.32	210.13	260.24
Technical Know How	44.04	24.24			68.28	21.49	7.19		28.68	39.60	22.55
Goodwill	230.53				230.53					230.53	230.53
	<b>748.22</b>	<b>94.04</b>			<b>842.26</b>	<b>234.90</b>	<b>127.10</b>		<b>362.00</b>	<b>480.26</b>	<b>513.32</b>
<b>Total</b>	<b>29,015.22</b>	<b>5,354.96</b>	<b>1,495.33</b>	<b>122.23</b>	<b>32,997.08</b>	<b>5,137.75</b>	<b>1,364.63</b>	<b>373.21</b>	<b>6,129.17</b>	<b>26,867.91</b>	<b>23,877.47</b>
<b>Previous Year</b>	<b>20,624.03</b>	<b>8,834.87</b>	<b>717.67</b>	<b>273.97</b>	<b>29,015.20</b>	<b>4,170.50</b>	<b>1,313.16</b>	<b>345.93</b>	<b>5,137.73</b>	<b>23,877.47</b>	<b>16,447.59</b>

Notes:

- 1) Addition to gross block of Rs.8,834.87 Lacs, in previous year, includes assets of Rs.1,425.42 Lacs purchased in the scheme of amalgamation.
- 2) During the financial year ended on 31st March 2011, Land & Building was revalued by Rs.5,697.05 Lacs on the basis of valuation carried out by an approved valuer.
- 3) Adjustment to the gross block of Rs.122.23 Lacs (Previous year Rs.273.97 Lacs) is on account of foreign exchange fluctuation in the value of foreign currency loan taken to finance these assets.

### 11. Non-Current Investments

Rs. in Lacs

Particulars	As At 31st March, 2013	As At 31st March, 2012
<b>Investment in Government Securities</b>		
6 Year National Saving Certificates	0.60	0.60
<b>TOTAL</b>	<b>0.60</b>	<b>0.60</b>

### 12. Long-Term Loans and Advances

Rs. in Lacs

Particulars	As At 31st March, 2013	As At 31st March, 2012
<b>Unsecured Considered Good</b>		
Capital Advances	3,883.56	3,353.18
Other loans and advances		
- Advance Tax	1,083.61	1,328.63
- Advance to Employees	52.23	70.00
<b>TOTAL</b>	<b>5,019.40</b>	<b>4,751.81</b>

## Notes to the Consolidated Financial Statement

### 13. Other Non-Current Assets

Rs. in Lacs

Particulars	As At 31st March, 2013	As At 31st March, 2012
Misc Expenditure to the extent not Written off	15.29	16.16
Non Current Fixed Deposits (Refer Note 17)	50.53	134.62
<b>TOTAL</b>	<b>65.82</b>	<b>150.78</b>

### 14. Current Investments

Rs. in Lacs

Particulars	As At 31st March, 2013	As At 31st March, 2012
2500000 (P.Y. 2500000) 759 Kotak FMP Series 98 - Growth of Rs.10/- each	256.12	250.00
5524000 (P.Y. 5000000 - 6PGP-Reliance Fixed Horizon Fund XXXI Series 9) - Reliance Fixed Horizon Fund XXIII Series 4 - Growth Plan of Rs.10/- each	552.40	505.16
2500000 (P.Y. Nil) -Reliance Fixed Horizon Fund XXII Series 35 - Growth Plan of Rs.10/- each	254.90	-
2500000 (P.Y. Nil) 759 Kotak FMP Series 84 - Growth of Rs.10/- each	275.19	-
<b>TOTAL</b>	<b>1,338.61</b>	<b>755.16</b>

### 15. Inventories (At lower of cost or net realisable value)

As Verified, Valued and Certified by the Management

Rs. in Lacs

Particulars	As At 31st March, 2013	As At 31st March, 2012
Raw material and Components	13,009.05	11,353.69
Work in Progress	69.72	25.70
Finished Goods	1,072.32	1,962.84
Raw material in Transit	350.36	401.40
<b>TOTAL</b>	<b>14,501.45</b>	<b>13,743.63</b>

### 16. Trade Receivables

Rs. in Lacs

Particulars	As At 31st March, 2013	As At 31st March, 2012
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, Considered Goods	1,254.41	973.82
Doubtful	-	-
	<u>1,254.41</u>	<u>973.82</u>
Less: Provisions for Doubtful Debts	-	-
	<u><b>1,254.41</b></u>	<u><b>973.82</b></u>
Others		
Unsecured, Considered Goods	7,093.93	7,592.05
<b>TOTAL</b>	<b>8,348.34</b>	<b>8,565.87</b>



## Notes to the Consolidated Financial Statement

### 17. Cash and Cash Equivalents

Particulars	Rs. in Lacs	
	As At 31st March, 2013	As At 31st March, 2012
Balance with Scheduled banks		
Current Account	53.34	117.06
Current Account - IPO	–	3.83
Unpaid Dividend Account	12.22	11.29
Cash in Hand	106.31	127.47
Fixed Deposit		
Fixed Deposit Receipts	1,559.06	1,890.67
Less : Fixed Deposit Receipts - having maturity over 12 months	50.53	134.62
Fixed deposits having maturity period with 12 months	<b>1,508.53</b>	<b>1,756.05</b>
<b>TOTAL</b>	<b>1,680.40</b>	<b>2,015.70</b>

### 18. Short Term Loans and Advances

Particulars	Rs. in Lacs	
	As At 31st March, 2013	As At 31st March, 2012
Balance with Excise Authorities	445.65	506.58
Sales Tax Recoverable	121.97	116.91
Advance to Suppliers	1,928.66	3,058.49
Security Deposits	234.63	158.02
Others	188.17	284.43
<b>TOTAL</b>	<b>2,919.08</b>	<b>4,124.43</b>

### 19. Revenue from Operations

Particulars	Rs. in Lacs	
	Year Ended 31st March, 2013	Year Ended 31st March, 2012
Sale of Products	69,335.09	88,000.30
Other Operating Income	676.74	793.82
	70,011.83	<b>88,794.12</b>
Less: Excise Duty	3,171.53	3,110.22
<b>TOTAL</b>	<b>66,840.30</b>	<b>85,683.90</b>

### Other Operating Income comprises of:

Particulars	Rs. in Lacs	
	Year Ended 31st March, 2013	Year Ended 31st March, 2012
Service Charges Received	467.73	407.72
Commission Received	42.94	323.71
Hiring Charges Received	160.59	54.12
Duty Draw Back Received	5.48	8.27
<b>TOTAL</b>	<b>676.74</b>	<b>793.82</b>

## Notes to the Consolidated Financial Statement

### 20. Other Income

Particulars	Rs. in Lacs	
	Year Ended 31st March, 2013	Year Ended 31st March, 2012
Interest Received	173.86	264.34
Rent Received	57.00	83.70
Profit on Sale of Assets	10.18	25.62
Revaluation Reserve Income	4.49	4.73
Return on Long Term Investment	83.45	56.16
Other Non-operating Income	129.01	19.92
<b>TOTAL</b>	<b>457.99</b>	<b>454.47</b>

### 21. Cost of Material Consumed

Particulars	Rs. in Lacs	
	Year Ended 31st March, 2013	Year Ended 31st March, 2012
Opening Stock	11,755.09	10,233.78
Add: Purchases (Net of Return)	49,110.56	65,512.45
	<b>60,865.65</b>	<b>75,746.23</b>
Less: Closing Stock	13,359.41	11,755.09
Less: Purchase of Stock-in-Trade	499.42	3,324.21
<b>TOTAL</b>	<b>47,006.82</b>	<b>60,666.93</b>

### 22. Changes In Inventories Of Finished Goods, Work In Progress, Stock-in-trade

Particulars	Rs. in Lacs	
	Year Ended 31st March, 2013	Year Ended 31st March, 2012
<b>Finished Goods</b>		
Opening Stock	1,894.80	1,868.02
Closing Stock	1,072.32	1,894.80
	<b>822.48</b>	<b>(26.78)</b>
<b>Work in Progress</b>		
Opening Stock	23.84	195.94
Closing Stock	69.72	23.84
	<b>(45.88)</b>	<b>172.10</b>
<b>TOTAL</b>	<b>776.60</b>	<b>145.32</b>

### 23. Employee Benefit Expenses

Particulars	Rs. in Lacs	
	Year Ended 31st March, 2013	Year Ended 31st March, 2012
Salaries, Wages & Bonus	4,029.08	3,590.40
Contribution to Provident and other Funds	157.36	177.97
Staff Welfare Expenses	236.92	323.66
Directors' Remuneration	452.90	373.10
<b>TOTAL</b>	<b>4,876.26</b>	<b>4,465.13</b>

## Notes to the Consolidated Financial Statement

### 24. Selling & Distribution Expenses

Particulars	Rs. in Lacs	
	Year Ended 31st March, 2013	Year Ended 31st March, 2012
Selling Expenses	1,673.27	1,653.89
Commission on Sales	548.79	748.57
<b>TOTAL</b>	<b>2,222.06</b>	<b>2,402.46</b>

### 25. Financial Cost

Particulars	Rs. in Lacs	
	Year Ended 31st March, 2013	Year Ended 31st March, 2012
Interest on Working Capital Facilities	742.86	517.66
Interest on Term Loans	81.27	59.29
Interest on Other Loans	221.14	157.76
<b>TOTAL</b>	<b>1,045.27</b>	<b>734.71</b>

### 26. Other Expenses

Particulars	Rs. in Lacs	
	Year Ended 31st March, 2013	Year Ended 31st March, 2012
<b>Manufacturing Expenses</b>		
Manufacturing Expenses	2,499.24	2,375.54
Power & Fuel	413.86	342.24
Repair & Maintenance		
- Plant & Machinery	163.79	173.93
- Building	97.71	102.41
Freight & Forwarding Charges	1,997.06	2,871.27
<b>SUB TOTAL</b>	<b>5,171.66</b>	<b>5,865.39</b>
<b>Other Administrative Expenses</b>		
Rent	171.50	131.63
Rate Fees & Taxes	30.92	46.02
Insurance	40.04	78.55
Traveling & Conveyance	962.93	886.35
Communication Expenses	152.10	169.68
Auditors' Remuneration	12.69	19.09
Vehicle Expenses	74.59	87.94
Exchange Rate Difference (Net)	741.98	985.09
Penalties to Share Budget & Others	12.39	7.61
Miscellaneous Expenses	1,144.43	1123.13
<b>TOTAL</b>	<b>8,515.23</b>	<b>9,400.48</b>

### Auditor's Remuneration includes

Particulars	Rs. in Lacs	
	Year Ended 31st March, 2013	Year Ended 31st March, 2012
Audit Fee	11.26	10.43
Taxation Matters & Certification	1.43	8.66
<b>TOTAL</b>	<b>12.69</b>	<b>19.09</b>

# Notes to the Consolidated Financial Statement

## 27. Additional Notes To The Consolidated Financial Statement

### (A) Background

Action Construction Equipment Limited (Company) was incorporated at New Delhi (India) on 13th January, 1995, to manufacture and supply of Hydraulic Mobile Cranes, Mobile Tower Cranes, Material Handling and Construction Equipment.

The Company concluded its Initial Public Offer (IPO) in September 2006 and its Equity Shares listed at Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. on 26th September 2006. The IPO comprised of 46,00,000 Equity Shares of face value of Rs. 10 each allotted at a premium of Rs. 120 per share and on 24th March 2008, the Company has sub-divided its Shares from face value of Rs. 10 each to Rs. 2 each.

In December 2006, the Company incorporated its wholly owned subsidiary (WOS) in CYPRUS in the name of FRESTED LIMITED, for overseas Investments. The Company acquired 73.90% stake in SC FORMA SA, a Romanian Company through its wholly owned subsidiary (WOS), FRESTED LIMITED, Cyprus, in the line of its "Object of the Issue" mentioned in the Prospectus of its IPO. The Company, further, acquired 15.60% stake in SC FORMA SA, Romania in the year 2007-08, increasing the total stake to 89.50%.

In May 2008, the company incorporated a wholly owned Subsidiary, namely Action Developers Ltd.

Pursuant to the order No.9885 dated 21st July 2012 passed by Hon'ble High Court of Delhi, M/s ACE Steel Fab Pvt Ltd has merged with M/s Action Construction Equipment Limited w.e.f. 1st Oct, 2011. Company has issued and allotted to the members of ACE Steelfab Private Ltd 24.22 equity shares of Rs. 2/- each at par for every 1 fully paid equity share of Rs. 10 each held by the members whose names appear in the register of members as on the record date, or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognised by the board. Thus a total of 60,55,000 Equity shares has been issued to shareholders of M/s ACE Steelfab Pvt Ltd to effect the amalgamation.

### (B) Significant Accounting Policies

#### 1. System of Accounting:

The Consolidated Financial Statements (CFS) have been prepared to comply with the Accounting Standards Notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on accrual basis except in case of assets for which revaluation is carried out. The accounting policies have been consistently applied by the company unless otherwise stated.

The CFS relates to Action Construction Equipment Ltd. (hereinafter referred as the "Company") and its Subsidiaries (hereinafter referred as the "Group").

#### 2. Principles of Consolidation:

In the preparation of these Consolidated Financial Statements, investment in Subsidiaries have been accounted for in accordance with Accounting Standards (AS) 21. The Consolidated Financial Statements have been prepared on the following basis;

The Financial Statements of the Company and its Subsidiary Companies, are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating all intra -group balances and intra -group transactions resulting in unrealized profits or losses.

The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate Financial Statements except as otherwise disclosed in the Notes to Accounts.

The excess of cost to the Company of its investment in the Subsidiary Company is recognised in the financial statements as Goodwill, which is tested for impairment on every balance sheet date. The excess of Company's share of equity and reserves of the Subsidiary Company over the cost of acquisition is recognised as Capital Reserve.

## Notes to the Consolidated Financial Statement

### 27. Additional Notes To The Consolidated Financial Statement (Contd.)

The Consolidated Financial Statements are prepared in Indian Rupees, which is the functional currency for Action Construction Equipment Limited, However, the USD & RON are the functional currencies for its foreign subsidiaries located in the Cyprus and Romania, respectively. The translation of the functional currencies into the reporting currency is performed for assets & liabilities of the foreign subsidiaries currency using the current exchange rates in effect at the balance sheet date. The resultant translation exchange gain/loss has been adjusted in Reserves and Surplus.

The Consolidated Financial Statements represent consolidation of following accounts other than the Company (Action Construction Equipment Limited), as detailed below:

Name of Company	Country of Incorporation	Relation	%age of ownership as at	
			31st March, 2013	31st March, 2012
Frested Ltd.	Cyprus	Subsidiary	100.00%	100.00%
SC Forma SA	Romania	Fellow Subsidiary	89.50%	89.50%
Action Developers Ltd.	India	Subsidiary	100.00%	100.00%
Namo Metals	India	Partnership Firm	90.00%	90.00%

#### 3. Fixed Assets :

All Fixed Assets are valued at historical costs less accumulated depreciation. Cost of assets comprise of purchase price and any attributable cost of bringing the asset to its working condition except in case of assets for which revaluation is carried out.

#### 4. Depreciation :

Depreciation has been provided using Written Down Value method as per rates prescribed by Schedule XIV of the Companies Act, 1956.

#### 5. Investments :

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost or fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in the value of investments is made to recognise a decline other than temporary.

#### 6. Inventory Valuation :

(a) **Raw Material** : Lower of cost or net realisable value. However, materials and other items held for use in the production of finished goods are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

(b) **Work in Progress and Finished Goods** : Lower of cost or net realisable value. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

#### 7. Revenue Recognition :

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

a) **Sale of Goods** : Revenue in respect of sale of products is recognised at the time of dispatch of the goods, when the significant risks and rewards of ownership of the goods is passed to the buyer.

# Notes to the Consolidated Financial Statement

## 27. Additional Notes To The Consolidated Financial Statement (Contd.)

- b) **Rendering of Services** : Revenue from the service is recognised when the service is performed, as per the terms of contract, and the performance of service is regarded as achieved when no significant uncertainty exists regarding the amount of consideration that will be derived from rendering the service.
- c) **Interest** : Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- d) **Insurance Claims** : Claims receivable on account of insurance are accounted for to the extent the company is reasonably certain of their ultimate collection.
- e) **Export Benefits** : Export benefits under Duty Drawback Scheme are accounted for in the year of export of goods.

### 8. Foreign Currency Transactions :

- a) **Initial recognition** : Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate prevailing at the date of the transaction.
- b) **Conversion** : Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.
- c) **Exchange differences** : Exchange differences arising on reporting monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise. However, exchange difference arising on reporting of **"Long Term Foreign Currency Monetary Item (LTFCMI)"** in so far as they relate to acquisition of capital assets are added to that assets and in other cases, such differences are accumulated in **"Foreign Currency Monetary Item Translation Difference Account (FCMITDA)"**.

### 9. Benefits to Employees :

#### (a) Short term Employee Benefit:

All employee benefits payable within twelve months of rendering of the service are classified as short-term benefits. Such benefits includes salaries, wages, bonus, short term compensated absences, awards, exgratia etc. and are recognised in the period in which the employee renders the related service.

#### (b) Post Employment benefits:

##### (i) Defined Contribution Plans:

The Company's State government provident fund scheme and employee state insurance scheme are defined contribution plans. The contribution paid / payable under the scheme is recognised during the period in which the employee renders the related service.

##### (ii) Defined Benefits Plans:

The employee's gratuity fund scheme, long term compensated absences are company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation on the date of the balance sheet. Gratuity Liability is funded through a Group Gratuity Scheme with Life Insurance Corporation of India wherein contributions are made and charged to revenue on annual basis.

## Notes to the Consolidated Financial Statement

### 27. Additional Notes To The Consolidated Financial Statement (Contd.)

#### 10. Accounting for Taxes on Income :

Tax expense comprises of current and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years and has been accounted as per provisions of the Accounting Standard-22 issued by The Institute of Chartered Accountants of India.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

#### 11. Impairment of Assets :

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable value. The recoverable amount is greater of the asset's net selling price or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

#### 12. Borrowing Costs :

Borrowing costs that are attributable to the acquisition and construction of an assets that necessarily takes substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective asset. All other borrowing costs are recognised as an expenses in the year in which they are incurred . Borrowing cost consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### 13. Expenditure during Construction Period :

In case of new projects/substantial expansions of existing factories, expenditure incurred, including trial production expenses net of revenue earned and attributable interest and financing costs prior to commencement of commercial production are capitalized.

#### 14. Provisions, Contingent Liabilities and Contingent Assets :

**Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if**

- a) the Company has a present obligation as a result of a past event;
- b) a probable outflow of resources is expected to settle the obligation and;
- c) the amount of obligation can be reliably estimated;

Reimbursements expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

**Contingent Liability is disclosed in case of**

- a) a present obligation arising from the past event, when it is not probable that an outflow of resources will be required to settle the obligation;
- b) a possible obligation, of which the probability of outflow of resources is remote.

**Contingent Assets are neither recognised nor disclosed.**

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.



# Notes to the Consolidated Financial Statement

## 27. Additional Notes To The Consolidated Financial Statement (Contd.)

### 27(C) OTHER NOTES

- Consequent upon the sanctioning of Scheme of Amalgamation of Ace Steel Fab (P) Ltd w.e.f 1st Oct 2011 with the Company, figures of the company after the date of amalgamation also includes the figures of Ace Steel Fab Pvt Limited and therefore the figures for the financial year 2012-13 are not comparable with the corresponding year.

### 2. Contingent Liabilities, not provided for:

Particulars	Rs. in Lacs	
	As at 31st March, 2013	As at 31st March, 2012
Bank Guarantees	898.31	799.98
Letter of Credits	1,897.24	2,614.34
Claim against the Company, not acknowledge as Debts	697.07	478.19
Sales Tax, Excise & Income Tax Matters, pending before Assessing / Appellate Authorities	3,980.85	3,201.49
<b>TOTAL</b>	<b>7,473.47</b>	<b>7,094.00</b>

### 3. a) Remuneration paid to Whole-time Directors :

S.No.	Names of the Directors	Salary & Allowances	Contribution to PF, Gratuity and Other Funds	Other Benefits and Perquisites	Rs. in Lacs	
					TOTAL	
1.	Sh. Vijay Agarwal, Chairman & Managing Director	252.00	–	15.40	267.40	
2.	Smt. Mona Agarwal, Wholetime Director	126.00	–	9.62	135.62	
3.	Sh. Sorab Agarwal, Executive Director	33.60	–	2.40	36.00	
4.	Smt. Surbhi Garg, Executive Director	16.80	–	–	16.80	
	<b>TOTAL</b>	<b>428.40</b>	–	<b>27.42</b>	<b>455.82</b>	

- The above mentioned remuneration of Rs.455.82 lacs is in excess of Maximum permissible remuneration as determined under section XIII of the Companies Act, 1956. However the company has filed an application with the Central Government on dated 14th March 2013 for grant of approval for payment of the same remuneration as paid in the past to Mr. Vjay Agarwal, Chairman & Managing Director and Mrs Mona Agarwal, Whole time Director of the Company. Pending approval from the government, management has taken confirmation from both the directors that they shall refund the excess remuneration in the event of refusal of such approval.

## Notes to the Consolidated Financial Statement

### 27. Additional Notes To The Consolidated Financial Statement (Contd.)

#### 4. Segment Reporting in terms of Accounting Standard-17 - Issued by The Institute of Chartered Accountants of India.

Information about the Primary Business Segments of the Company

		Rs. in Lacs	
Particulars	Year Ended 31st March, 2013	Year Ended 31st March, 2012	
1. Segment Revenue			
a) Cranes	39,229.84	57,969.43	
b) Material Handling/Construction Equipment	10,840.54	12,891.19	
c) Agri Equipment	16,037.85	13,896.71	
d) Subsidiaries Business	55.33	132.75	
<b>Total</b>	<b>66,163.56</b>	<b>84,890.08</b>	
Less: Inter Segment Revenue	—	—	
Net Sales/Income from Operations	<b>66,163.56</b>	<b>84,890.08</b>	
2. Segment Results			
a) Cranes	2,030.68	4,158.78	
b) Material Handling/Construction Equipment	(106.28)	460.29	
c) Agri Equipment	1,453.03	890.09	
d) Subsidiaries Business	(112.24)	(149.54)	
<b>Total</b>	<b>3,265.19</b>	<b>5,359.62</b>	
Less: Interest	1,045.27	734.71	
Less: Other Unallocable Expenditure	1,227.92	938.94	
<b>Profit Before Tax</b>	<b>992.00</b>	<b>3,685.97</b>	
3. Capital Employed			
a) Cranes	34,256.30	31,643.09	
b) Material Handling / Construction Equipment	5,730.45	6,324.50	
c) Agri Equipment	232.91	556.64	
d) Subsidiaries Business	(2,111.31)	(1,990.58)	
<b>Total</b>	<b>38,108.35</b>	<b>36,533.65</b>	

Since Segment Revenues from external customers are not more than 10% of enterprise revenue, hence, Secondary Segment reporting is not required to be provided as per Accounting Standard - 17 "Segment Reporting" issued by The Institute of Chartered Accountants of India.

5. As per Accounting Standard 18, "Related Party Disclosure" issued by The Institute of Chartered Accountants of India, the disclosures of transactions with the Related Parties as defined in the Accounting Standard are given below:

#### a. Associate Companies / Entities

ACE Steelfab Pvt. Ltd. (Upto 30.09.2011)

ACE TC Rentals Pvt. Ltd.

Namo Metals

VMS Holdings Pvt. Ltd.

VMS Equipment

#### b. Subsidiary Companies

FRESTED Limited, Cyprus - Wholly Owned Subsidiary

SC FORMA SA, Romania - Fellow Subsidiary

Action Developers Ltd., India - Wholly Owned Subsidiary

#### c. Key Management Personnel-

Sh. Vijay Agarwal

Smt. Mona Agarwal

Sh. Sorab Agarwal

Smt. Surbhi Garg

#### d. Relatives of Key Management Personnel and Enterprises, over which Relatives of Key Management Personnel exercise significant influence-

N.A.

# Notes to the Consolidated Financial Statement

## 27. Additional Notes To The Consolidated Financial Statement (Contd.)

### e. Related Party Transactions

(Rs. in Lacs)

Nature of Transaction	Period	Associates Companies/Firm				Subsidiary Company	Key Management Personnel	Total
		ACE Steelfab Pvt Ltd.*	ACE TC Rentals Pvt Ltd.	Namo Metals	VMS Equipment			
Purchase of Goods	2012-13	-	-	-	-	-	-	-
	2011-12	5,091.38	-	-	-	-	-	5,091.38
Sales of Goods	2012-13	-	945.57	-	484.84	-	-	1,430.41
	2011-12	46.15	623.87	-	-	-	-	670.02
Remuneration Paid	2012-13	-	-	-	-	-	455.82	455.82
	2011-12	-	-	-	-	-	376.60	376.60
Licence Fee Paid	2012-13	-	-	-	-	-	54.78	54.78
	2011-12	-	-	-	-	-	49.80	49.80
Rent Received	2012-13	-	0.96	-	-	-	-	0.96
	2011-12	1.20	0.96	-	-	-	-	2.16
Interest Received	2012-13	-	-	-	-	147.65	-	147.65
	2011-12	57.56	-	-	-	-	-	57.56
Investment in Equity	2012-13	-	-	9.40	-	-	-	9.40
	2011-12	-	-	23.16	-	-	-	23.16
Loan to Subsidiary	2012-13	-	-	-	-	116.97	-	116.97
	2011-12	-	-	-	-	184.34	-	184.34

\* Figures for the year 2011-12 are only upto the date of amalgamation (30.09.2011).

6. The Company has entered into agreements in the nature of Lease/ Leave and Licence agreement with different Lessors / Licensors for the purpose of establishment of office premises/ residential accommodations. These are generally in nature of operating Lease/leave and Licence and disclosure required as per Accounting Standard-19 issued by The institute of Chartered Accountants of India with regard to the above is as under-

Rs. in Lacs

a) Particulars	Minimum Lease Payments	
	2012-13	2011-12
Payable within one year	100.08	131.97
Payable after one year but within 5 years	66.29	168.98

- b) There are no transactions in the nature of Sub Lease.  
c) Payments recognised in the profit and Loss Account for the year ended 31st March, 2013 is Rs.171.50 Lacs (P.Y. Rs.131.63 Lacs).

## Notes to the Consolidated Financial Statement

### 27. Additional Notes To The Consolidated Financial Statement (Contd.)

7. Disclosure pursuant to Accounting Standard -15 (Revised), issued by The Institute of Chartered Accountants of India

#### EMPLOYEE BENEFITS

#### a) Expenses recognised in the Statement of Profit & Loss (Rs. in Lacs)

Particulars	2012-13	2011-12
a) Current Service Cost	50.30	44.07
b) Interest Cost	12.39	8.72
c) Employee Contribution	–	–
d) Actuarial (Gain)/Loss	(5.98)	13.47
e) Past Service Cost	–	–
f) Settlement Cost	(14.77)	(12.29)
<b>Total Expenses, debited to Statement of Profit &amp; Loss</b>	<b>41.94</b>	<b>53.97</b>

#### b) Net Asset/(Liability) recognised in the Balance Sheet as at 31st March, 2013 (Rs. in Lacs)

Particulars	2012-13	2011-12
a) Present Value of defined Benefit Obligation at the end of year	198.19	160.40
b) Fair Market Value of Plan Assets with LIC at the end of year	167.56	166.27
<b>Net Asset/(Liability)</b>	<b>(30.63)</b>	<b>5.87</b>

#### c) Change in the obligation during the year ended 31st March, 2013 (Rs. in Lacs)

Particulars	2012-13	2011-12
a) Present Value of Defined benefit obligation at the beginning of year	160.40	102.88
b) Current Service Cost	50.30	44.07
c) Interest Cost	12.39	8.72
d) Settlement Cost	–	–
e) Actuarial (Gain)/Loss	(6.20)	11.13
f) Benefit Payment	(18.70)	(6.40)
<b>Present Value of Defined benefit obligation at the end of year</b>	<b>198.19</b>	<b>160.40</b>

#### d) Change in the Assets during the year ended 31st March, 2013 (Rs. in Lacs)

Particulars	2012-13	2011-12
a) Plan assets at the beginning of year	166.27	109.35
b) Actuarial (Gain)/Loss	(0.22)	(2.34)
c) Contribution	1.86	53.38
d) Benefit Payment	(15.11)	(6.40)
e) Return on the Plan Assets	14.76	12.28
<b>Plan Assets at the end of year</b>	<b>167.56</b>	<b>166.27</b>

#### e) Actuarial Assumption

a) Discounted Rate	8.20% p.a.
b) Mortality Rate	IAL (2006-08) Ultimate
c) Withdrawal Rate	1% to 3% depending on Age.
d) Salary Escalation	11.00%
e) Retirement Age	58

## Notes to the Consolidated Financial Statement

### 27. Additional Notes To The Consolidated Financial Statement (Contd.)

Liability in respect of unavailed privilege leave was hitherto valued at the salary rates prevailing on the balance sheet date. During the year, the company has valued the compensated absences, specified in AS 15 (Revised) on actuarial basis. Further para 132 of AS 15 (Revised 2005) does not require any specific disclosure except where the expense resulting from compensated absences is of such size, nature of incidence that its disclosure is relevant under other accounting standards. In the opinion of the management, the expense resulting from compensated absences is not significant and hence no disclosures are prepared under various paragraphs of AS 15 (Revised 2005).

#### 8. Earning Per Share (Basic & Diluted):

EPS is calculated by dividing the profit attributable to the equity shareholders by weighted average number of equity shares outstanding during the year. Numbers used for calculating basic & diluted earnings per equity share are as stated below:

Particulars	2012-13	2011-12
Profit attributable to Equity Shareholders of the Company - (Rs in Lacs)	609.15	2,697.42
Weighted average no. of Equity Shares of Rs. 2 each (Basic)	9,89,40,000	9,59,12,500
Weighted average no. of Equity Shares of Rs. 2 each (Diluted)	9,89,40,000	9,59,12,500
EPS (In Rupees)- Basic	0.62	2.81
EPS (In Rupees)- Diluted	0.62	2.81

#### 9. Miscellaneous expenditure (to the extent not written off or adjusted) represents:

- R & D expenditure - Rs. 11.24 Lacs.
- Life Time Club Membership - Rs. 4.05 Lacs (being amortized over a period of ten years, commencing from 2007-08)

10. Balance of some of Sundry Debtors, Sundry Creditors and Loans & Advances are subject to confirmation and reconciliation by the parties and adjustment, if any, required on reconciliation, will be done in the year in which the same is reconciled. Further, Management does not expect any material difference in the financial Statements for the year.

11. The Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard (AS-3) issued by The Institute of Chartered Accountants of India.

12. Previous years figures have been regrouped to make them comparable with current year figures wherever necessary.

13. Note 1 to 27 form integral part of the accounts and are duly authenticated.

In terms of our report of even date  
For RAJAN CHHABRA & CO.  
Chartered Accountants  
Firm Registration No. 009520N

RAJAN CHHABRA  
Partner  
Membership No. 088276

Place : Faridabad  
Date : 25<sup>th</sup> May, 2013

For and on behalf of the Board of Directors

Vijay Agarwal  
Chairman & Managing Director

Subhash Chander Verma  
Independent Director

Rajan Luthra  
CFO & Company Secretary

Sorab Agarwal  
Executive Director

## Statement Pursuant to section 212 of the Companies Act, 1956 as at 31st March, 2013

	Rs. in Lacs Frested Limited Cyprus	Rs. in Lacs SC Forma SA Romania	Rs. in Lacs Action Developers Limited
a Capital	0.71	169.80	10.00
b Reserves & Surplus	(1,977.07)	(387.28)	(3.20)
c Total Assets (Non Current Assets + Current Assets)	151.74	487.94	7.12
d Total Liabilities (Debts + Current Liabilities)	2,128.10	350.06	0.32
e Details of Investment (except in case of investment in subsidiaries)	-	-	-
f Turnover (including other income)	-	123.07	-
g Profit/(Loss) Before Taxation	(152.50)	40.90	(0.64)
h Provision for Taxation	-	-	-
i Profit/(Loss) After Taxation	(152.50)	40.90	(0.64)
j Proposed Dividend	-	-	-
k Exchange rate used (in Rs.)	54.39	15.79	1.00
l Local Currency	USD	RON	INR
m Relation	Subsidiary	Fellow Subsidiary	Subsidiary

The Financial Statements of Foreign Subsidiaries have been converted into Rupees on the basis of appropriate exchange rates as on 31st March, 2013.

### Note:

The Annual Accounts of the Subsidiary Companies and the related detailed information will be made available to the members of the holding and Subsidiary Companies seeking information at any point of time. The annual accounts of the subsidiary companies will also be kept for inspection by any investor in registered office of the Company between 11 a.m. to 1 p.m. on all working days.

# ACE

**Action Construction Equipment Ltd.**

Registered Office: 5th Floor, TDI Centre, Jasola, New Delhi-110076

## PROXY FORM

I/We \_\_\_\_\_ being a member of Action Construction Equipment Limited hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy, in my/our absence to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Saturday, 24th day of August, 2013 at 11:00 a.m. at MPCU Shah Auditorium, Shree Delhi Gujrati Samaj Marg, Delhi-110054

Signature:

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 13

Affix  
Revenue  
stamp of  
Rs.1/-

Ledger Folio/DP & Client Id No.	
No. of Shares	
Name	
Address	
Proxy No.	

Note : The proxy in order to be valid, must be deposited at the Registered Office of the Company duly stamped, completed and signed, not less than 48 hours before the time of holding the meeting.

**No gift of any nature will be distributed at the Annual General Meeting**

# ACE

**Action Construction Equipment Ltd.**

Registered Office: 5th Floor, TDI Centre, Jasola, New Delhi-110076

## ATTENDANCE SLIP

Please complete this attendance slip and hand it over at the entrance of the meeting hall, Joint shareholders may obtain attendance slip on request.

Ledger Folio/DP & Client Id No.	
No. of Shares	
Name	
Address	
Proxy No.	

I hereby record my presence at the Annual General Meeting of the Company to be held on Saturday, 24th August, 2013 at 11:00 a.m. at MPCU Shah Auditorium, Shree Delhi Gujrati Samaj Marg, Delhi-110054

**Signature of Shareholder/Proxy:**



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# Corporate Profile

## BOARD OF DIRECTORS

- **Vijay Agarwal**  
Chairman and Managing Director
- **Mona Agarwal**  
Whole - time Director
- **Sorab Agarwal**  
Executive Director
- **Surbhi Garg**  
Executive Director
- **Girish Narain Mehra (IAS Retd.)**  
Independent Director
- **Subhash Chander Verma**  
Independent Director
- **Dr. Amar Singh**  
Independent Director
- **Maj. Gen.(Retd.) Dr. Keshav Chandra Agrawal**  
Independent Director

## CFO & Company Secretary

Rajan Luthra

## Statutory Auditors

M/s Rajan Chhabra & Co.  
Chartered Accountants

## Registrar and Share Transfer Agent

Karvy Computershare Private Limited  
Phone : +91-40-23322454, 23320751/52/53  
Fax : +91-40-23311968  
E-mail : einwards.ris@karvy.com

## Bankers

- ICICI Bank Ltd.
- Hongkong and Shanghai Banking Corporation of India Ltd. ("HSBC")
- Standard Chartered Bank
- State Bank of Patiala
- Axis Bank Ltd.

## Stock Exchanges

Bombay Stock Exchange Limited  
National Stock Exchange of India Limited

## Subsidiary Companies

FRESTED LIMITED, Cyprus  
SC FORMA SA, Romania  
ACTION DEVELOPERS LTD., INDIA

## Registered Office

5th Floor, TDI Center, Jasola,  
New Delhi-110025

## Corporate Office

Dhudholla Link Road,  
Village Dhudholla, Palwal-121102,  
Haryana.

## UNIT LOCATIONS

- Jajru Road, 25th Mile Stone, Delhi Mathura Road  
Ballabgarh, Distt. Faridabad (Haryana) - 121 004
- Dhudhola Link Road, Village Dhudhola,  
Distt. Palwal (Haryana) - 121 102
- Plot No. C-5/6/7/8, Industrial Area (UPSIDC),  
Bazpur, Distt. Uddham Singh Nagar,  
Uttarakhand - 262 123
- Plot No.40 & 41, Nand Nagar Industrial Estate,  
Phase-1, Mahuakhara ganj, Kashipur, Uttarakhand
- 45th Mile Stone, Mathura Road, Prithla,  
Distt. Palwal, Haryana

## RESEARCH & DEVELOPMENT CENTRE

- Jajru Road, 25th Mile Stone,  
Delhi-Mathura Road,  
Ballabgarh, Distt. Faridabad (Haryana) - 121 004
- Dhudhola Link Road, Village Dhudhola  
Distt. Palwal (Haryana) - 121 102

**www.ace-cranes.com**

*If undelivered, please return to :*



**Action Construction Equipment Ltd.**

Dudhola Link Road, Dudhola. Distt. Palwal - 121102, Haryana, India  
[www.ace-cranes.com](http://www.ace-cranes.com)

